

February 9, 2018

BY HAND DELIVERY AND ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 4783 - Proposed FY 2019 Electric Infrastructure, Safety, Reliability Plan
Responses to Division Data Requests – Set 2**

Dear Ms. Massaro:

On behalf of National Grid,¹ I have enclosed ten (10) copies of the Company's responses to the second set of data requests issued by the Rhode Island Division Public Utilities and Carriers in the above-referenced docket.

Thank you for your attention to this transmittal. If you have any questions, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosures

cc: Docket 4783 Service List
Greg Booth, Division
Leo Wold, Esq.
Al Contente, Division

¹ The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

February 9, 2018

Date

Docket No. 4783 National Grid's Electric Infrastructure, Safety and Reliability Plan FY 2019 - Service List as of 1/8/17

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Division 2-1

Request:

Please provide the effect of the recently enacted federal Tax Cuts and Jobs Act of 2017 on the FY 2019 Electric ISR revenue requirement. The response should include all supporting workpapers.

Response:

Please see Attachment DIV 2-1-1 for a comparison of the originally-filed FY 2019 Electric ISR Plan revenue requirement on December 21, 2017 to an updated calculation of the revenue requirement reflecting the effects of the decrease in the federal income tax rate from 35 percent to 21 percent pursuant to the recently enacted federal Tax Cuts and Jobs Act of 2017 (Tax Act). The updated revenue requirement also reflects the Tax Act's elimination of bonus depreciation as of September 28, 2017. The impact of the elimination of bonus depreciation increases rate base. The overall change in the FY 2019 ISR revenue requirement is a decrease of \$697,981.

In addition, the Company's previously approved FY 2018 Electric ISR Plan revenue requirement is also impacted by the Tax Act. The effective date of the 21 percent federal income tax rate is January 1, 2018, which is at the end of the ninth month of FY 2018. The overall change in the FY 2018 ISR revenue requirement is a decrease of \$1,261,891 resulting from the federal income tax rate change. This decrease will be reflected in the reconciliation of the revenue requirement based upon actual FY 2018 spending and revenue billed through the electric ISR factors.

The change in the federal income tax rate affected the FY 2018 and FY 2019 Electric ISR revenue requirement primarily in two offsetting ways:

1. Decrease to pre-tax weighted average cost of capital (WACC) - The decrease in the federal income tax rate from 35 percent to 21 percent reduced the amount of income tax to be recovered on the return on equity component of the revenue requirement.
2. Increased rate base attributable to reduced deferred income taxes on vintage FY 2018 and FY 2019 Electric ISR investment - The Company is able to depreciate its assets on its income tax returns faster than it depreciates assets on its books. This is referred to as accelerated tax depreciation, and the difference between tax depreciation and book depreciation is referred to as book/tax timing differences. Deferred income taxes are calculated by multiplying book/tax timing differences times the federal income tax rate. As a result of the decrease in the federal income tax rate, deferred income taxes that are generated at the 21 percent tax rate beginning January 1, 2018 are now lower than deferred taxes that were originally calculated at 35 percent in the Company's

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December 21, 2017 FY 2019 Electric ISR Plan filing. ISR-related deferred income taxes are liabilities for income taxes that will eventually be paid to the federal government when the underlying book/tax timing difference reverses. Deferred income taxes reflect the net cash benefit that the Company receives as a result of accelerated tax depreciation, and this benefit is passed along to customers as a reduction to rate base upon which the Company earns a return in the Electric ISR revenue requirement calculation. Lower deferred taxes results in a lower reduction to rate base, which results in an increase in rate base over the levels included in the originally filed FY 2019 Electric ISR Plan.

The workpapers supporting the net decrease in the revenue requirement are the attached revised revenue requirement calculation included with this response as Attachment DIV 2-1-2 (Section 5, Attachment 1 of original filing). The Company made the following changes to this document from the version submitted with the original December 21, 2017 Plan filing:

1. The Company added page 29 to revise the pre-tax WACC to reflect the change in the federal income tax rate. The pre-tax WACC approved in Docket No. 4323 was 9.68 percent at the 35 percent tax rate as shown on Page 29. The new pre-tax WACC at the 21 percent tax rate, which became effective January 1, 2018, is 8.41 percent. This new pre-tax WACC has been updated for the entirety of the FY 2019 revenue requirement; however, the Company used a blended WACC of 9.36 percent to calculate the FY 2018 revenue requirement, as the 35 percent federal income tax was in effect for nine months of FY 2018 (April to December) and the 21 percent federal income tax rate will be in effect for three months of FY 2018 (January to March).
2. Effective December 31, 2017, the Company must restate all of its deferred tax balances based on the new 21 percent federal income tax rate because the Company will be paying income taxes as the book/tax timing differences reverse at that 21 percent federal income tax rate. However, reducing the deferred tax balances based on the 21 percent federal income tax rate has the effect of artificially increasing rate base. To counteract this artificial increase to rate base, the Company added a new line item called Excess Deferred Income Taxes to each vintage year's revenue requirement calculation reflecting the value of the decrease to ISR rate base as of December 31, 2017. These excess deferred income taxes are calculated on Page 28 of Attachment DIV 2-1-2. The excess deferred income tax amounts were derived by calculating the balance of ISR deferred taxes by vintage fiscal year, and multiplying that amount by the 14 percent change in the tax rate (35 percent minus 21 percent).

Division 2-1, page 3

3. The Company updated the tax depreciation calculations on pages 3 and 5 to modify the calculation of bonus depreciation on estimated vintage FY 2019 and FY 2018 Electric ISR Plan capital investment, respectively. Bonus depreciation for FY 2019 and FY 2018 in the Company's December 21, 2017 filing was based on bonus depreciation rates of 50 percent, 40 percent, and 30 percent for calendar years 2017 to 2019, respectively; however, pursuant to the Tax Act, bonus depreciation is no longer an eligible deduction as of September 28, 2017.

Finally, the Company made changes to the format of Section 5, Attachment 1 to improve the size of the print for many of the pages in the attachment. Specifically, pages 2 through 17, and page 23 were reoriented from a portrait view to a landscape format. Also, for the vintage year revenue requirement calculations for FY 2012 through FY 2015, certain columns of information which have been presented for many previous years were accumulated into a single column. Also, pages 25, 26, and 27 of the original filing, which contain the calculations of deferred tax proration adjustments, are now being presented as pages 25a and 25b, 26a and 26b, and 27a and 27b.

The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Attachment DIV 2-1-1

Line No.		As Filed Fiscal Year 2018	Tax Changes Fiscal Year 2018	As Filed Fiscal Year 2019 (a)	Tax Changes Fiscal Year 2019 (b)
	<u>Operation and Maintenance (O&M) Expenses:</u>				
1	Current Year Vegetation Management (VM)	\$9,400,000	\$9,400,000	\$9,800,000	\$9,800,000
2	Current Year Inspection & Maintenance (I&M)	\$1,069,800	\$1,069,800	\$867,000	\$867,000
3	Current Year Other Programs			\$1,369,000	\$1,369,000
4	Electric Contact Voltage expenses included in RIPUC Docket No. 4323	(\$163,749)	(\$163,749)	(\$163,749)	(\$163,749)
5	Total O&M Expense Component of Revenue Requirement	\$10,306,051	\$10,306,051	\$11,872,251	\$11,872,251
	<u>Capital Investment:</u>				
6	Actual Revenue Requirement on Incremental FY 2012 Capital included in ISR Rate Base	\$268,500	\$258,746	\$270,562	\$231,828
7	Actual Revenue Requirement on Incremental FY 2013 Capital included in ISR Rate Base	(\$1,074,896)	(\$1,063,819)	(\$999,876)	(\$960,140)
8	Actual Revenue Requirement on Incremental FY 2014 Capital included in ISR Rate Base	\$706,927	\$702,125	\$659,372	\$645,661
9	Actual Revenue Requirement on FY 2015 Capital included in ISR Rate Base	\$3,758,934	\$3,702,462	\$3,566,424	\$3,366,174
10	Actual Revenue Requirement on FY 2016 Capital included in ISR Rate Base	\$3,967,711	\$3,707,299	\$3,635,950	\$3,354,459
11	Actual Revenue Requirement on FY 2017 Capital included in ISR Rate Base	\$4,415,399	\$3,521,359	\$3,395,335	\$3,189,241
12	Actual Revenue Requirement on FY 2018 Capital included in ISR Rate Base	\$2,267,653	\$2,389,169	\$4,172,061	\$4,277,937
13	Actual Revenue Requirement on FY 2019 Capital included in ISR Rate Base	\$0	\$0	\$3,087,133	\$3,239,642
14	Subtotal	\$14,310,230	\$13,217,340	\$17,786,961	\$17,344,802
15	FY 2018 Property Tax Recovery Adjustment	\$3,906,950	\$3,737,950		
16	FY 2019 Property Tax Recovery Adjustment			\$3,095,173	\$2,839,351
17	True-Up for FY 2012 through FY 2016 Transmission - Related Net Operating Losses ("NOL")	(\$1,125,115)	(\$1,125,115)	\$0	\$0
18	True-Up for FY 2013 through FY 2016 Work Order Write Off Adjustment: Capital Investment	(\$560,347)	(\$560,347)	\$0	\$0
19	True-Up for FY 2013 through FY 2016 Work Order Write Off Adjustment: Property Tax	(\$589)	(\$589)	\$0	\$0
20	Total Capital Investment Component of Revenue Requirement	\$16,531,128	\$15,269,238	\$20,882,134	\$20,184,153
21	Total Fiscal Year Revenue Requirement	\$26,837,179	\$25,575,289	\$32,754,385	\$32,056,404
22	Total Updated Fiscal Year Rate Adjustment		(\$1,261,891)		(\$697,981)

Column (a) - as Approved per RIPUC Docket No. 4682

Column (b)

- 1 Vegetation Management per Section 3, Chart 2
- 2 Inspection & Maintenance per Section 4, Chart 1
- 3 Other Program Expense per Section 4, Chart 2
- 5 Sum of Lines 1 through 4
- 6 Page 16 of 29, Line 31
- 7 Page 14 of 29, Line 38
- 8 Page 12 of 29, Line 33
- 9 Page 10 of 29, Line 33
- 10 Page 8 of 29, Line 33
- 11 Page 6 of 29, Line 33
- 12 Page 4 of 29, Line 33
- 13 Page 2 of 29, Line 33
- 14 Sum of Lines 6 through 13
- 16 Page 21 of 29, Line 128
- 20 Sum of Lines 14 through 19
- 21 Line 5 + Line 20
- 22 Current Year Line 21 - Prior Year Line 21

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Annual Revenue Requirement Summary**

Line No.		As Approved		
		Fiscal Year 2018 (a)	Fiscal Year 2019 (b)	Fiscal Year 2020 (c)
	<u>Operation and Maintenance (O&M) Expenses:</u>			
1	Current Year Vegetation Management (VM)	\$9,400,000	\$9,800,000	
2	Current Year Inspection & Maintenance (I&M)	\$1,069,800	\$867,000	
3	Current Year Other Programs		\$1,369,000	
4	Electric Contact Voltage expenses included in RIPUC Docket No. 4323	(\$163,749)	(\$163,749)	
5	Total O&M Expense Component of Revenue Requirement	\$10,306,051	\$11,872,251	
	<u>Capital Investment:</u>			
6	Actual Revenue Requirement on Incremental FY 2012 Capital included in ISR Rate Base	\$268,500	\$231,828	\$232,231
7	Actual Revenue Requirement on Incremental FY 2013 Capital included in ISR Rate Base	(\$1,074,896)	(\$960,140)	(\$910,114)
8	Actual Revenue Requirement on Incremental FY 2014 Capital included in ISR Rate Base	\$706,927	\$645,661	\$603,144
9	Actual Revenue Requirement on FY 2015 Capital included in ISR Rate Base	\$3,758,934	\$3,366,174	\$3,198,488
10	Actual Revenue Requirement on FY 2016 Capital included in ISR Rate Base	\$3,967,711	\$3,354,459	\$3,225,807
11	Actual Revenue Requirement on FY 2017 Capital included in ISR Rate Base	\$4,415,399	\$3,189,241	\$3,034,888
12	Actual Revenue Requirement on FY 2018 Capital included in ISR Rate Base	\$2,267,653	\$4,277,937	\$3,967,781
13	Actual Revenue Requirement on FY 2019 Capital included in ISR Rate Base	\$0	\$3,239,642	\$6,353,418
14	Subtotal	\$14,310,230	\$17,344,802	\$19,705,643
15	FY 2018 Property Tax Recovery Adjustment	\$3,906,950		
16	FY 2019 Property Tax Recovery Adjustment		\$2,839,351	
17	True-Up for FY 2012 through FY 2016 Transmission - Related Net Operating Losses ("NOL")	(\$1,125,115)	\$0	
18	True-Up for FY 2013 through FY 2016 Work Order Write Off Adjustment: Capital Investment	(\$560,347)	\$0	
19	True-Up for FY 2013 through FY 2016 Work Order Write Off Adjustment: Property Tax	(\$589)	\$0	
20	Total Capital Investment Component of Revenue Requirement	\$16,531,128	\$20,184,153	
21	Total Fiscal Year Revenue Requirement	\$26,837,179	\$32,056,404	
22	Total Updated Fiscal Year Rate Adjustment		\$5,219,225	

Column (a) - as Approved per RIPUC Docket No. 4682

Column (b)

- 1 Vegetation Management per Section 3, Chart 2
- 2 Inspection & Maintenance per Section 4, Chart 1
- 3 Other Program Expense per Section 4, Chart 2
- 5 Sum of Lines 1 through 4
- 6 Page 16 of 29, Line 31
- 7 Page 14 of 29, Line 38
- 8 Page 12 of 29, Line 33
- 9 Page 10 of 29, Line 33
- 10 Page 8 of 29, Line 33
- 11 Page 6 of 29, Line 33
- 12 Page 4 of 29, Line 33
- 13 Page 2 of 29, Line 33
- 14 Sum of Lines 6 through 13
- 16 Page 21 of 29, Line 128
- 20 Sum of Lines 14 through 19
- 21 Line 5 + Line 20
- 22 Current Year Line 21 - Prior Year Line 21

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
FY 2019 Revenue Requirement on FY 2019 Actual Incremental Capital Investment**

Line No.			Fiscal Year 2019 (a)	Fiscal Year 2020 (b)
<u>Capital Investment Allowance</u>				
1	Non-Discretionary Capital	Section 2, Chart 10	\$30,991,000	\$0
2	Discretionary Capital Lesser of Actual Cumulative Non-Discretionary Capital Additions or Spending, or Approved Spending	Section 2, Chart 10	\$60,346,000	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 2	2/ \$91,337,000	\$0
<u>Depreciable Net Capital Included in Rate Base</u>				
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$91,337,000	\$0
5	Retirements	Line 4 * 29.85%	1/ \$27,264,095	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$64,072,906	\$64,072,906
<u>Change in Net Capital Included in Rate Base</u>				
7	Capital Included in Rate Base	Line 3	\$91,337,000	\$0
8	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	\$43,031,774	\$0
9	Incremental Capital Amount	Column (a) = Line 7 - Line 8; Column (b) = Prior Year Line 9	\$48,305,226	\$48,305,226
10	Cost of Removal	Section 2, Chart 10	\$12,054,000	\$12,054,000
11	Total Net Plant in Service	Line 9 + Line 10	\$60,359,226	\$60,359,226
<u>Deferred Tax Calculation:</u>				
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4323	3.40%	3.40%
13	Vintage Year Tax Depreciation:			
14	2019 Spend	Page 3 of 29, Line 23	\$42,474,816	\$4,830,848
15	Cumulative Tax Depreciation	Prior Year Line 15 + Current Year Line 14	\$42,474,816	\$47,305,664
16	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Column (b) = Line 6 * Line 12	\$1,089,239	\$2,178,479
17	Cumulative Book Depreciation	Prior Year Line 17 + Current Year Line 16	\$1,089,239	\$3,267,718
18	Cumulative Book / Tax Timer	Line 15 - Line 17	\$41,385,577	\$44,037,946
19	Effective Tax Rate		21.00%	21.00%
20	Deferred Tax Reserve	Line 18 * Line 19	\$8,690,971	\$9,247,969
21	Less: FY 2019 Federal NOL	Page 23 of 29, Line 13(p)	\$0	\$0
22	Less: Proration Adjustment	Col (a) = Page 26b of 29, Line 40; Col (b) = Page 27b of 29, Line 40	(\$560,161)	(\$302,406)
23	Excess Deferred Tax		\$0	\$0
24	Net Deferred Tax Reserve	Sum of Lines 20 through 23	\$8,130,810	\$8,945,562
<u>Rate Base Calculation:</u>				
25	Cumulative Incremental Capital Included in Rate Base	Line 11	\$60,359,226	\$60,359,226
26	Accumulated Depreciation	-Line 17	(\$1,089,239)	(\$3,267,718)
27	Deferred Tax Reserve	-Line 24	(\$8,130,810)	(\$8,945,562)
28	Year End Rate Base	Sum of Lines 25 through 27	\$51,139,176	\$48,145,946
<u>Revenue Requirement Calculation:</u>				
29	Average Rate Base	Column (a) = Current Year Line 28 ÷ 2; Column (b) = (Prior Year Line 28 + Current Year Line 28) ÷ 2	\$25,569,588	\$49,642,561
30	Pre-Tax ROR		8.41%	8.41%
31	Return and Taxes	Line 29 * Line 30	\$2,150,402	\$4,174,939
32	Book Depreciation	Line 16	\$1,089,239	\$2,178,479
33	Annual Revenue Requirement	Line 31 + Line 32	\$3,239,642	\$6,353,418

1/ Based on three year average FY 2017, FY 2016, and FY 2015 actual retirements as a percent of capital investment

2/ FY19 Discretionary Capital includes Advance Metering Infrastructure of:

\$7,367,000

3/ Refer to Page 29

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of Tax Depreciation and Repairs Deduction on FY2019 Incremental Capital Investments**

Line No.			Fiscal Year <u>2019</u> (a)	Fiscal Year <u>2020</u> (b)
	<u>Capital Repairs Deduction</u>			
1	Plant Additions - excluding AMI	Page 2 of 29, Line 3	\$83,970,000	
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 29.08%	
3	Capital Repairs Deduction	Line 1 * Line 2	\$24,418,476	
	<u>Bonus Depreciation</u>			
4	Plant Additions - excluding AMI	Line 1	\$83,970,000	
5	Plant Additions - AMI		\$7,367,000	
6	Less Capital Repairs Deduction	Line 3	\$24,418,476	
7	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 6	\$66,918,524	
8	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	99.00%	
9	Plant Eligible for Bonus Depreciation	Line 7 * Line 8	\$66,249,339	
10	Bonus Depreciation Rate (April 2018 - December 2018)	1 * 75% * 0%	0.00%	
11	Bonus Depreciation Rate (January 2019 - March 2019)	1 * 25% * 0%	0.00%	
12	Total Bonus Depreciation Rate	Line 10 + Line 11	0.00%	
13	Bonus Depreciation	Line 9 * Line 12	\$0	
	<u>Remaining Tax Depreciation</u>			
14	Plant Additions	Line 1	\$83,970,000	
15	Plant Additions - AMI		\$7,367,000	
16	Less Capital Repairs Deduction	Line 3	\$24,418,476	
17	Less Bonus Depreciation	Line 13	\$0	
18	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 14 - Line 16 - Line 17	\$66,918,524	\$66,918,524
19	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	7.219%
20	Remaining Tax Depreciation	Line 18 * Line 19	\$2,509,445	\$4,830,848
21	FY19 Loss incurred due to retirements	Per Tax Department	2/ \$3,492,895	
22	Cost of Removal	Page 2 of 29, Line 10	\$12,054,000	
		Sum of Lines 3, 13, 20, 21, and 22		
23	Total Tax Depreciation and Repairs Deduction		\$42,474,816	\$4,830,848

1/ Capital Repairs percentage is based on a three year average 2014, 2015, and 2016 of electric property qualifying for the repairs deduction as a percentage of total annual plant additions.

2/ FY 2019 estimated tax loss on retirements is based on FY 2017 actuals (Page 7 of 29, Line 19).

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
FY 2019 Revenue Requirement on FY 2018 Actual Incremental Capital Investment**

Line No.			Fiscal Year 2018 (a)	Fiscal Year 2019 (b)	Fiscal Year 2020 (c)
<u>Capital Investment Allowance</u>					
1	Non-Discretionary Capital	Section 2, Page 27 of 27, Chart 11	\$32,731,000	\$0	\$0
2	Discretionary Capital Lesser of Actual Cumulative Non-Discretionary Capital Additions or Spending, or Approved Spending	Section 2, Page 27 of 27, Chart 11	\$42,112,000	\$0	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 2	\$74,843,000	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>					
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$74,843,000	\$0	\$0
5	Retirements	Line 4 * 21.99%	\$16,457,400	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$58,385,600	\$58,385,600	\$58,385,600
<u>Change in Net Capital Included in Rate Base</u>					
7	Capital Included in Rate Base	Line 3	\$74,843,000	\$0	\$0
8	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	\$43,031,774	\$0	\$0
9	Incremental Capital Amount	Column (a) = Line 7 - Line 8; Column (b) = Prior Year Line 9	\$31,811,226	\$31,811,226	\$31,811,226
10	Cost of Removal	Section 2, Page 27 of 27, Chart 11	\$9,646,000	\$9,646,000	\$9,646,000
11	Total Net Plant in Service	Line 9 + Line 10	\$41,457,226	\$41,457,226	\$41,457,226
<u>Deferred Tax Calculation:</u>					
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4323	3.40%	3.40%	3.40%
13	Vintage Year Tax Depreciation:				
14	2018 Spend	Page 3 of 26, Line 21	\$44,716,241	\$3,115,135	\$2,881,252
15	Cumulative Tax Depreciation	Prior Year Line 15 + Current Year Line 14	\$44,716,241	\$47,831,376	\$50,712,628
16	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Column (b) = Line 6 * Line 12	\$992,555	\$1,985,110	\$1,985,110
17	Cumulative Book Depreciation	Prior Year Line 17 + Current Year Line 16	\$992,555	\$2,977,666	\$4,962,776
18	Cumulative Book / Tax Timer	Line 15 - Line 17	\$43,723,686	\$44,853,710	\$45,749,852
19	Effective Tax Rate		21.00%	21.00%	21.00%
20	Deferred Tax Reserve	Line 18 * Line 19	\$9,181,974	\$9,419,279	\$9,607,469
21	Less: FY 2018 Federal NOL	Page 21 of 26, Line 12(n)	\$0	\$0	\$0
22	Less: Proration Adjustment	Col (b) = Page 26b of 29, Line 40; Col (c) = Page 27b of 29, Line 40	(\$3,150,463)	(\$214,730)	(\$170,287)
23	Excess Deferred Tax	Page 28 of 29, Line 7(f)	\$4,590,987	\$4,590,987	\$4,590,987
24	Net Deferred Tax Reserve	Sum of Lines 20 through 23	\$10,622,498	\$13,795,536	\$14,028,169
<u>Rate Base Calculation:</u>					
25	Cumulative Incremental Capital Included in Rate Base	Line 11	\$41,457,226	\$41,457,226	\$41,457,226
26	Accumulated Depreciation	-Line 17	(\$992,555)	(\$2,977,666)	(\$4,962,776)
27	Deferred Tax Reserve	-Line 24	(\$10,622,498)	(\$13,795,536)	(\$14,028,169)
28	Year End Rate Base	Sum of Lines 25 through 27	\$29,842,173	\$24,684,025	\$22,466,281
<u>Revenue Requirement Calculation:</u>					
29	Average Rate Base	Column (a) = Current Year Line 28 ÷ 2; Column (b) = (Prior Year Line 28 + Current Year Line 28) ÷ 2	\$14,921,086	\$27,263,099	\$23,575,153
30	Pre-Tax ROR		9.36%	8.41%	8.41%
31	Return and Taxes	Line 29 * Line 30	\$1,396,614	\$2,292,827	\$1,982,670
32	Book Depreciation	Line 16	\$992,555	\$1,985,110	\$1,985,110
33	Annual Revenue Requirement	Line 31 + Line 32	\$2,389,169	\$4,277,937	\$3,967,781

1/ Based on three year average FY 2016, FY 2015, and FY 2014 actual retirements as a percent of capital investment

2/ Refer to Page 29

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of Tax Depreciation and Repairs Deduction on FY2018 Incremental Capital Investments**

Line No.			Fiscal Year 2018 (a)	Fiscal Year 2019 (b)	Fiscal Year 2020 (c)
	<u>Capital Repairs Deduction</u>				
1	Plant Additions	Page 2 of 26, Line 3	\$74,843,000		
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 23.38%		
3	Capital Repairs Deduction	Line 1 * Line 2	\$17,498,293		
	<u>Bonus Depreciation</u>				
4	Plant Additions	Line 1	\$74,843,000		
5	Less Capital Repairs Deduction	Line 3	\$17,498,293		
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$57,344,707		
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	99.00%		
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$56,771,260		
9	Bonus Depreciation Rate (April 2017 - September 2017)	1 * 50% * 50%	25.00%		
10	Bonus Depreciation Rate (January 2018 - March 2018)	1 * 25% * 0%	0.00%		
11	Total Bonus Depreciation Rate	Line 9 + Line 10	25.00%		
12	Bonus Depreciation	Line 8 * Line 11	\$14,192,815		
	<u>Remaining Tax Depreciation</u>				
13	Plant Additions	Line 1	\$74,843,000		
14	Less Capital Repairs Deduction	Line 3	\$17,498,293		
15	Less Bonus Depreciation	Line 12	\$14,192,815		
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$43,151,892	\$43,151,892	\$43,151,892
17	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	7.219%	6.677%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$1,618,196	\$3,115,135	\$2,881,252
19	FY18 Loss incurred due to retirements	Per Tax Department	2/ \$1,760,937		
20	Cost of Removal	Page 2 of 26, Line 10	\$9,646,000		
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19, and 20	\$44,716,241	\$3,115,135	\$2,881,252

1/ Capital Repairs percentage is based on a three year average 2013, 2014, and 2015 of electric property qualifying for the repairs deduction as a percentage of total annual plant additions.

2/ FY 2018 estimated tax loss on retirements is based on FY 2016 actuals (Page 7 of 26, Line 19).

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
FY 2019 Revenue Requirement on FY 2017 Actual Incremental Capital Investment**

Line No.			Fiscal Year 2017 (a)	Fiscal Year 2018 (b)	Fiscal Year 2019 (c)	Fiscal Year 2020 (d)
<u>Capital Additions Allowance</u>						
1	Non-Discretionary Capital Non-Discretionary Additions	Attachment PSA-1, Page 3, Table 1	\$28,593,675	\$0	\$0	\$0
2	Discretionary Capital Lesser of Actual Cumulative Discretionary Capital Additions or Spending, or Approved Spending	Page 19 of 29, Line 12	\$46,895,663	\$0	\$0	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 2	\$75,489,338	\$0	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>						
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$75,489,338	\$0	\$0	\$0
5	Retirements		1/ \$22,244,993	\$0	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$53,244,346	\$53,244,346	\$53,244,346	\$53,244,346
<u>Change in Net Capital Included in Rate Base</u>						
7	Capital Included in Rate Base	Line 3	\$75,489,338	\$0	\$0	\$0
8	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	\$43,031,774	\$0	\$0	\$0
9	Incremental Depreciable Amount	Column (a) = Line 7 - Line 8; Column (b) = Prior Year Line 9	\$32,457,565	\$32,457,565	\$32,457,565	\$32,457,565
10	Total Cost of Removal	Attachment PSA-1, Page 4, Table 2	\$7,806,949	\$7,806,949	\$7,806,949	\$7,806,949
11	Total Net Plant in Service	Line 9 + Line 10	\$40,264,513	\$40,264,513	\$40,264,513	\$40,264,513
<u>Deferred Tax Calculation:</u>						
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4323	3.40%	3.40%	3.40%	3.40%
13	Vintage Year Tax Depreciation:					
14	2017 Spend	Page 7 of 29, Line 21	\$58,425,852	\$2,127,323	\$1,967,605	\$1,820,263
15	Cumulative Tax Depreciation	Prior Year Line 14 + Current Year Line 13	\$58,425,852	\$60,553,175	\$62,520,779	\$64,341,042
16	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Column (b) = Line 6 * Line 12	\$905,154	\$1,810,308	\$1,810,308	\$1,810,308
17	Cumulative Book Depreciation	Prior Year Line 16 + Current Year Line 15	\$905,154	\$2,715,462	\$4,525,770	\$6,336,077
18	Cumulative Book / Tax Timer	Line 15 - Line 17	\$57,520,698	\$57,837,713	\$57,995,010	\$58,004,965
19	Effective Tax Rate		35.00%	21.00%	21.00%	21.00%
20	Deferred Tax Reserve	Line 18 * Line 19	\$20,132,244	\$12,145,920	\$12,178,952	\$12,181,043
21	Less: FY 2017 Federal NOL	Page 23 of 29, Line 13(n)	\$0	\$0	\$0	\$0
22	Less: Proration Adjustment	Col (c) = Page 26b of 29, Line 40; Col (d) = Page 27b of 29, Line 40	\$0	(\$16,852)	\$14,700	(\$1,892)
23	Excess Deferred Tax	Page 28 of 29, Line 6(f)		\$8,086,184	\$8,086,184	\$8,086,184
24	Net Deferred Tax Reserve	Sum of Lines 20 through 23	\$20,132,244	\$20,215,252	\$20,279,836	\$20,265,335
<u>Rate Base Calculation:</u>						
25	Cumulative Incremental Capital Included in Rate Base	Line 11	\$40,264,513	\$40,264,513	\$40,264,513	\$40,264,513
26	Accumulated Depreciation	-Line 17	(\$905,154)	(\$2,715,462)	(\$4,525,770)	(\$6,336,077)
27	Deferred Tax Reserve	-Line 24	(\$20,132,244)	(\$20,215,252)	(\$20,279,836)	(\$20,265,335)
28	Year End Rate Base	Sum of Lines 25 through 27	\$19,227,115	\$17,333,800	\$15,458,908	\$13,663,101
<u>Revenue Requirement Calculation:</u>						
29	Average Rate Base	Column (a) = Current Year Line 28 ÷ 2; Column (b) = (Prior Year Line 28 +	\$9,613,558	\$18,280,458	\$16,396,354	\$14,561,004
30	Pre-Tax ROR	Current Year Line 28) ÷ 2	9.68%	9.36%	8.41%	8.41%
31	Return and Taxes	Line 29 * Line 30	\$930,592	\$1,711,051	\$1,378,933	\$1,224,580
32	Book Depreciation	Line 16	\$905,154	\$1,810,308	\$1,810,308	\$1,810,308
33	Annual Revenue Requirement	Line 31 + Line 32	\$1,835,746	\$3,521,359	\$3,189,241	\$3,034,888

1/ Actual Retirements

2/ Refer to Page 29

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of Tax Depreciation and Repairs Deduction on FY2017 Incremental Capital Investments**

Line No.			Fiscal Year <u>2017</u> (a)	Fiscal Year <u>2018</u> (b)	Fiscal Year <u>2019</u> (c)	Fiscal Year <u>2020</u> (d)
	<u>Capital Repairs Deduction</u>					
1	Plant Additions	Page 6 of 29, Line 3	\$75,489,338			
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 22.70%			
3	Capital Repairs Deduction	Line 1 * Line 2	\$17,136,080			
	<u>Bonus Depreciation</u>					
4	Plant Additions	Line 1	\$75,489,338			
5	Less Capital Repairs Deduction	Line 3	\$17,136,080			
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$58,353,258			
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	99.00%			
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$57,769,726			
9	Bonus Depreciation Rate (April 2016 - December 2016)	1 * 75% * 50%	37.50%			
10	Bonus Depreciation Rate (January 2017 - March 2017)	1 * 25% * 50%	12.50%			
11	Total Bonus Depreciation Rate	Line 9 + Line 10	50.00%			
12	Bonus Depreciation	Line 8 * Line 11	\$28,884,863			
	<u>Remaining Tax Depreciation</u>					
13	Plant Additions	Line 1	\$75,489,338			
14	Less Capital Repairs Deductions	Line 3	\$17,136,080			
15	Less Bonus Depreciation	Line 12	\$28,884,863			
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$29,468,395	\$29,468,395	\$29,468,395	\$29,468,395
17	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	7.219%	6.677%	6.177%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$1,105,065	\$2,127,323	\$1,967,605	\$1,820,263
19	FY17 Loss incurred due to retirements	Per Tax Department	\$3,492,895			
20	Cost of Removal	Page 6 of 29, Line 10	\$7,806,949			
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19, and 20	\$58,425,852	\$2,127,323	\$1,967,605	\$1,820,263

1/ Capital Repairs percentage is based on a three year average, 2012, 2013 and 2014 of electric property qualifying for the repairs deduction as a percentage of total annual plant additions.

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
FY 2019 Revenue Requirement on FY 2016 Actual Incremental Capital Investment**

Line No.			Fiscal Year 2016 (a)	Fiscal Year 2017 (b)	Fiscal Year 2018 (d)	Fiscal Year 2019 (e)	Fiscal Year 2020 (f)
<u>Capital Investment Allowance</u>							
1	Non-Discretionary Capital	Per RIPUC Docket No. 4539	\$35,964,438	\$0	\$0	\$0	\$0
1a	Work Order Write Off Adjustment	Per Company's books	\$672,272	\$0	\$0	\$0	\$0
<u>Discretionary Capital</u>							
2	Lesser of Actual Cumulative Non-Discretionary Capital Additions or Spending, or Approved Spending	Per RIPUC Docket No. 4539	\$35,488,464	\$0	\$0	\$0	\$0
2a	Work Order Write Off Adjustment	Per Company's books	(\$121,728)	\$0	\$0	\$0	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 1a + Line 2 + Line 2a	\$72,003,445	\$0	\$0	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>							
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$72,003,445	\$0	\$0	\$0	\$0
5	Retirements	1/	\$28,489,814	\$0	\$0	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$43,513,631	\$43,513,631	\$43,513,631	\$43,513,631	\$43,513,631
<u>Change in Net Capital Included in Rate Base</u>							
7	Capital Included in Rate Base	Line 3	\$72,003,445	\$0	\$0	\$0	\$0
8	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	\$43,031,774	\$0	\$0	\$0	\$0
9	Incremental Capital Amount	Column (a) = Line 7 - Line 8; Column (b) = Prior Year Line 9	\$28,971,671	\$28,971,671	\$28,971,671	\$28,971,671	\$28,971,671
10	Cost of Removal	Per RIPUC Docket No. 4539	\$8,192,983	\$8,192,983	\$8,192,983	\$8,192,983	\$8,192,983
10a	Work Order Write Off Adjustment	Per Company's books	(\$19,884)	(\$19,884)	(\$19,884)	(\$19,884)	(\$19,884)
11	Total Net Plant in Service	Line 9 + Line 10 + Line 10a	\$37,144,770	\$37,144,770	\$37,144,770	\$37,144,770	\$37,144,770
<u>Deferred Tax Calculation:</u>							
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4323	3.40%	3.40%	3.40%	3.40%	3.40%
13	Vintage Year Tax Depreciation:						
14	2016 Spend	Page 9 of 29, Line 21	\$60,569,127	\$1,868,699	\$1,728,398	\$1,598,969	\$1,478,858
15	Cumulative Tax Depreciation	Prior Year Line 15 + Current Year Line 14	\$60,569,127	\$62,437,826	\$64,166,224	\$65,765,193	\$67,244,051
16	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Column (b) = Line 6 * Line 12	\$739,732	\$1,479,463	\$1,479,463	\$1,479,463	\$1,479,463
17	Cumulative Book Depreciation	Prior Year Line 17 + Current Year Line 16	\$739,732	\$2,219,195	\$3,698,659	\$5,178,122	\$6,657,586
18	Cumulative Book / Tax Timer	Line 15 - Line 17	\$59,829,395	\$60,218,631	\$60,467,565	\$60,587,071	\$60,586,465
19	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%	21.00%
20	Deferred Tax Reserve	Line 18 * Line 19	\$20,940,288	\$21,076,521	\$12,698,189	\$12,723,285	\$12,723,158
21	Less: FY 2016 Federal NOL	Page 23 of 29, Line 13(m)	(\$10,693,796)	(\$10,693,796)	(\$10,693,796)	(\$10,693,796)	(\$10,693,796)
22	Less: Proration Adjustment	Col (d) = Page 26b of 29, Line 40; Col (e) = Page 27b of 29, Line 40	\$0	\$0	(\$75,493)	(\$48,787)	\$115
23	Excess Deferred Tax	Page 28 of 29, Line 5(f)			\$8,456,746	\$8,456,746	\$8,456,746
24	Net Deferred Tax Reserve	Sum of Lines 20 through 23	\$10,246,492	\$10,382,725	\$10,385,646	\$10,437,448	\$10,486,223
<u>Rate Base Calculation:</u>							
25	Cumulative Incremental Capital Included in Rate Base	Line 11	\$37,144,770	\$37,144,770	\$37,144,770	\$37,144,770	\$37,144,770
26	Accumulated Depreciation	-Line 17	(\$739,732)	(\$2,219,195)	(\$3,698,659)	(\$5,178,122)	(\$6,657,586)
27	Deferred Tax Reserve	-Line 24	(\$10,246,492)	(\$10,382,725)	(\$10,385,646)	(\$10,437,448)	(\$10,486,223)
28	Year End Rate Base	Sum of Lines 25 through 27	\$26,158,546	\$24,542,850	\$23,060,465	\$21,529,200	\$20,000,961
<u>Revenue Requirement Calculation:</u>							
29	Average Rate Base	Column (a) = Current Year Line 28 ÷ 2; Column (b) = (Prior Year Line 28 + Current Year Line 28) ÷ 2	\$13,079,273	\$25,350,698	\$23,801,658	\$22,294,832	\$20,765,081
30	Pre-Tax ROR		9.68%	9.68%	9.36%	8.41%	8.41%
31	Return and Taxes	Line 29 * Line 30	\$1,266,074	\$2,453,948	\$2,227,835	\$1,874,995	\$1,746,343
32	Book Depreciation	Line 16	\$739,732	\$1,479,463	\$1,479,463	\$1,479,463	\$1,479,463
33	Annual Revenue Requirement	Line 31 + Line 32	\$2,005,805	\$3,933,411	\$3,707,299	\$3,354,459	\$3,225,807

1/ Actual Retirements

2/ Actual Cost of Removal

3/ Refer to Page 29

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of Tax Depreciation and Repairs Deduction on FY2016 Incremental Capital Investments**

Line No.			Fiscal Year <u>2016</u> (a)	Fiscal Year <u>2018</u> (c)	Fiscal Year <u>2019</u> (d)	Fiscal Year <u>2020</u> (e)
	<u>Capital Repairs Deduction</u>					
1	Plant Additions	Page 8 of 29, Line 3	\$72,003,445			
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 29.67%			
3	Capital Repairs Deduction	Line 1 * Line 2	\$21,361,075			
	<u>Bonus Depreciation</u>					
4	Plant Additions	Line 1	\$72,003,445			
5	Less Capital Repairs Deduction	Line 3	\$21,361,075			
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$50,642,370			
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	97.77%			
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$49,513,045			
9	Bonus Depreciation Rate (April 2015 - December 2015)	1 * 75% * 50%	37.50%			
10	Bonus Depreciation Rate (January 2016 - March 2016)	1 * 25% * 50%	12.50%			
11	Total Bonus Depreciation Rate	Line 9 + Line 10	50.00%			
12	Bonus Depreciation	Line 8 * Line 11	\$24,756,523			
	<u>Remaining Tax Depreciation</u>					
13	Plant Additions	Line 1	\$72,003,445			
14	Less Capital Repairs Deduction	Line 3	\$21,361,075			
15	Less Bonus Depreciation	Line 12	\$24,756,523			
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$25,885,847	\$25,885,847	\$25,885,847	\$25,885,847
17	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	6.677%	6.177%	5.713%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$970,719	\$1,728,398	\$1,598,969	\$1,478,858
19	FY16 Loss incurred due to retirements	Per Tax Department	\$5,307,711			
20	Cost of Removal	Page 8 of 29, Line 10 + Line 10a	\$8,173,099			
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19, and 20	\$60,569,127	\$1,728,398	\$1,598,969	\$1,478,858

1/ Capital Repairs percentage is based on the actual results of the FY 2016 tax return.

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
FY 2019 Revenue Requirement on FY 2015 Actual Incremental Capital Investment**

Line No.			Fiscal Year 2015 (a)	Cumulative FY16-FY17 (d)	Fiscal Year 2018 (e)	Fiscal Year 2019 (f)	Fiscal Year 2020 (g)
<u>Capital Investment Allowance</u>							
1	Non-Discretionary Capital	Per RIPUC Docket No. 4473	\$22,246,664		\$0	\$0	\$0
1a	Work Order Write Off Adjustment	Per Company's books	(\$268,138)		\$0	\$0	\$0
2	Discretionary Capital						
	Lesser of Actual Cumulative Non-Discretionary Capital						
2a	Additions or Spending, or Approved Spending	Per RIPUC Docket No. 4473	\$54,410,377		\$0	\$0	\$0
	Work Order Write Off Adjustment	Per Company's books	(\$48,499)		\$0	\$0	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 1a + Line 2 + Line 2a	\$76,340,403		\$0	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>							
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$76,340,403		\$0	\$0	\$0
5	Retirements	1/	\$15,666,095		\$0	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$60,674,308		60,674,308	60,674,308	60,674,308
<u>Change in Net Capital Included in Rate Base</u>							
7	Capital Included in Rate Base	Line 3	\$76,340,403		\$0	\$0	\$0
8	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	\$43,031,774		\$0	\$0	\$0
9	Incremental Capital Amount	Column (a) = Line 7 - Line 8; Column (b) = Prior Year Line 9	\$33,308,629		\$33,308,629	\$33,308,629	\$33,308,629
10	Cost of Removal	Per RIPUC Docket No. 4473	\$6,988,398		\$6,988,398	\$6,988,398	\$6,988,398
10a	Work Order Write Off Adjustment	Per Company's books	\$22,398		\$22,398	\$22,398	\$22,398
11	Total Net Plant in Service	Line 9 + Line 10 + Line 10a	\$40,319,425	\$40,319,425	\$40,319,425	\$40,319,425	\$40,319,425
<u>Deferred Tax Calculation:</u>							
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4323	3.40%		3.40%	3.40%	3.40%
13	Vintage Year Tax Depreciation:						
14	2015 Spend	Page 11 of 29, Line 22	\$71,871,022		\$1,814,760	\$1,678,440	\$1,552,696
15	Cumulative Tax Depreciation	Prior Year Line 15 + Current Year Line 14	\$71,871,022	\$75,953,570	\$77,768,330	\$79,446,770	\$80,999,466
16	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Column (b) = Line 6 * Line 12	\$1,031,463		\$2,062,926	\$2,062,926	\$2,062,926
17	Cumulative Book Depreciation	Prior Year Line 17 + Current Year Line 16	\$1,031,463	\$5,157,316	\$7,220,243	\$9,283,169	\$11,346,096
18	Cumulative Book / Tax Timer	Line 15 - Line 17	\$70,839,559	\$ 70,796,254	\$ 70,548,087	\$ 70,163,601	\$ 69,653,370
19	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%	21.00%
20	Deferred Tax Reserve	Line 18 * Line 19	\$24,793,846	\$24,778,689	\$14,815,098	\$14,734,356	\$14,627,208
21	Less: FY 2015 Federal NOL	Page 23 of 29, Line 13(l)	(\$8,148,936)	(\$8,148,936)	(\$8,148,936)	(\$8,148,936)	(\$8,148,936)
22	Less: Proration Adjustment	Col (e) = Page 26b of 29, Line 40; Col (f) = Page 27b of 29, Line 40	\$0	\$0	\$47,157	\$73,061	\$96,955
23	Excess Deferred Tax	Page 28 of 29, Line 4(f)			\$9,885,418	\$9,885,418	\$9,885,418
24	Net Deferred Tax Reserve	Sum of Lines 20 through 23	\$16,644,909	\$16,629,752	\$16,598,737	\$16,543,899	\$16,460,645
<u>Rate Base Calculation:</u>							
25	Cumulative Incremental Capital Included in Rate Base	Line 11	\$40,319,425	\$40,319,425	\$40,319,425	\$40,319,425	\$40,319,425
26	Accumulated Depreciation	-Line 17	(\$1,031,463)	(\$5,157,316)	(\$7,220,243)	(\$9,283,169)	(\$11,346,096)
27	Deferred Tax Reserve	-Line 24	(\$16,644,909)	(\$16,629,752)	(\$16,598,737)	(\$16,543,899)	(\$16,460,645)
28	Year End Rate Base	Sum of Lines 25 through 27	\$22,643,053	\$18,532,357	\$16,500,445	\$14,492,357	\$12,512,685
<u>Revenue Requirement Calculation:</u>							
29	Average Rate Base	Column (a) = Current Year Line 28 ÷ 2; Column (b) = (Prior Year Line 28 + Current Year Line 28) ÷ 2	\$11,321,526		\$17,516,401	\$15,496,401	\$13,502,521
30	Pre-Tax ROR	3/	9.68%		9.36%	8.41%	8.41%
31	Return and Taxes	Line 29 * Line 30	\$1,095,924		\$1,639,535	\$1,303,247	\$1,135,562
32	Book Depreciation	Line 16	\$1,031,463		\$2,062,926	\$2,062,926	\$2,062,926
33	Annual Revenue Requirement	Line 31 + Line 32	\$2,127,387		\$3,702,462	\$3,366,174	\$3,198,488

1/ Actual Retirements

2/ Actual Cost of Removal

3/ Refer to Page 29

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of Tax Depreciation and Repairs Deduction on FY2015 Incremental Capital Investments**

Line No.		Fiscal Year 2015 (a)	Fiscal Year 2018 (d)	Fiscal Year 2019 (e)	Fiscal Year 2020 (f)
	<u>Capital Repairs Deduction</u>				
1	Plant Additions	Page 10 of 29, Line 3	\$76,340,403		
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 23.10%		
3	Capital Repairs Deduction	Line 1 * Line 2	\$17,634,633		
	<u>Bonus Depreciation</u>				
4	Plant Additions	Line 1	\$76,340,403		
5	Less Capital Repairs Deduction	Line 3	\$17,634,633		
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$58,705,770		
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	99.91%		
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$58,652,935		
9	Bonus Depreciation Rate (April 2014 - December 2014)	1 * 75% * 50%	37.50%		
10	Bonus Depreciation Rate (January 2015 - March 2015)	1 * 25% * 50%	12.50%		
11	Total Bonus Depreciation Rate	Line 9 + Line 10	50.00%		
12	Bonus Depreciation	Line 8 * Line 11	\$29,326,468		
	<u>Remaining Tax Depreciation</u>				
13	Plant Additions	Line 1	\$76,340,403		
14	Less Capital Repairs Deduction	Line 3	\$17,634,633		
15	Less Bonus Depreciation	Line 12	\$29,326,468		
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$29,379,302	\$29,379,302	\$29,379,302
17	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	6.177%	5.285%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$1,101,724	\$ 1,814,760	\$ 1,678,440
19	481(a) adjustment for partial retirements	Per Tax Department	\$14,395,754		
20	FY15 Loss incurred due to retirements	Per Tax Department	\$2,401,647		
21	Cost of Removal	Page 10 of 29, Line 10 + Line 10a Sum of Lines 3, 12, 18, 19, 20, and 21	\$7,010,796		
22	Total Tax Depreciation and Repairs Deduction		\$71,871,022	\$1,814,760	\$1,678,440
				\$1,552,696	

1/ Capital Repairs percentage is based on the actual results of the FY 2015 tax return.

The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
FY 2019 Revenue Requirement on FY 2014 Actual Incremental Capital Investment

Line No.			Fiscal Year 2014 (a)	Cumulative FY15-FY17 (e)	Fiscal Year 2018 (f)	Fiscal Year 2019 (g)	Fiscal Year 2020 (h)
<u>Capital Investment Allowance</u>							
1	Non-Discretionary Capital	Per RIPUC Docket No. 4382	\$6,923,860		\$0	\$0	\$0
1a	Work Order Write Off Adjustment	Per Company's books	(\$472,942)		\$0	\$0	\$0
2	Discretionary Capital						
	Lesser of Actual Cumulative Non-Discretionary Capital						
	Additions or Spending, or Approved Spending	Per RIPUC Docket No. 4382	\$6,400,406		\$0	\$0	\$0
2a	Work Order Write Off Adjustment	Per Company's books	(\$8,965)		\$0	\$0	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 1a + Line 2 + Line 2a	\$12,842,359		\$0	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>							
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$12,842,359		\$0	\$0	\$0
5	Retirements	Page 18 of 29, Line 9(c)	1/ (\$4,165,367)		\$0	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$17,007,726		17,007,726	17,007,726	17,007,726
<u>Change in Net Capital Included in Rate Base</u>							
7	Capital Included in Rate Base	Line 3	\$12,842,359		\$0	\$0	\$0
8	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	2/ \$7,173,397		\$0	\$0	\$0
9	Incremental Capital Amount	Column (a) = Line 7 - Line 8; Column (b) = Prior Year Line 9	\$5,668,962		\$5,668,962	\$5,668,962	\$5,668,962
10	Total Cost of Removal	Page 18 of 29, Line 6(c)	(\$887,841)		(\$887,841)	(\$887,841)	(\$887,841)
10a	Work Order Write Off Adjustment	Per Company's books	(\$37,062)		(\$37,062)	(\$37,062)	(\$37,062)
11	Total Net Plant in Service	Line 9 + Line 10 + Line 10a	\$4,744,059	\$4,744,059	\$4,744,059	\$4,744,059	\$4,744,059
<u>Deferred Tax Calculation:</u>							
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4323	3.40%		3.40%	3.40%	3.40%
13	Vintage Year Tax Depreciation:						
14	2014 Spend	Page 13 of 29, Line 20	\$7,826,326		\$242,832	\$224,640	\$207,766
15	Cumulative Tax Depreciation	Prior Year Line 15 + Current Year Line 14	\$7,826,326	\$8,679,534	\$8,922,366	\$9,147,006	\$9,354,772
16	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Column (b) = Line 6 * Line 12	\$289,131		\$578,263	\$578,263	\$578,263
17	Cumulative Book Depreciation	Prior Year Line 17 + Current Year Line 16	\$289,131	\$2,023,919	\$2,602,182	\$3,180,445	\$3,758,708
18	Cumulative Book / Tax Timer	Line 15 - Line 17	\$7,537,194	\$6,655,614	\$6,320,184	\$5,966,562	\$5,596,064
19	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%	21.00%
20	Deferred Tax Reserve	Line 18 * Line 19	\$2,638,018	\$2,329,465	\$1,327,239	\$1,252,978	\$1,175,174
21	Less: FY 2014 Federal NOL	Page 23 of 29, Line 13(k)	(\$1,200,808)	(\$1,200,808)	(\$1,200,808)	(\$1,200,808)	(\$1,200,808)
22	Less: Proration Adjustment	Col (f) = Page 26b of 29, Line 40; Col (g) = Page 27b of 29, Line 40	\$0	\$0	\$63,739	\$67,196	\$70,403
23	Excess Deferred Tax	Page 28 of 29, Line 3(f)			\$896,566	\$896,566	\$896,566
24	Net Deferred Tax Reserve	Sum of Lines 20 through 23	\$1,437,210	\$1,128,657	\$1,086,736	\$1,015,932	\$941,334
<u>Rate Base Calculation:</u>							
25	Cumulative Incremental Capital Included in Rate Base	Line 11	\$4,744,059	\$4,744,059	\$4,744,059	\$4,744,059	\$4,744,059
26	Accumulated Depreciation	-Line 17	(\$289,131)	(\$2,023,919)	(\$2,602,182)	(\$3,180,445)	(\$3,758,708)
27	Deferred Tax Reserve	-Line 24	(\$1,437,210)	(\$1,128,657)	(\$1,086,736)	(\$1,015,932)	(\$941,334)
28	Year End Rate Base	Sum of Lines 25 through 27	\$3,017,717	\$1,591,482	\$1,055,141	\$547,682	\$44,017
<u>Revenue Requirement Calculation:</u>							
		Col (a) = Line 28 * 23.23%; Col (b) = (Prior Year Line 28 + Current Year					
29	Average Rate Base	Line 28)/2	3/ \$670,654		\$1,323,312	\$801,411	\$295,849
30	Pre-Tax ROR		4/ 9.68%		9.36%	8.41%	8.41%
31	Return and Taxes	Line 29 * Line 30	\$64,919		\$123,862	\$67,399	\$24,881
32	Book Depreciation	Line 16	\$289,131		\$578,263	\$578,263	\$578,263
33	Annual Revenue Requirement	Line 31 + Line 32	\$354,051		\$702,125	\$645,661	\$603,144

1/ Actual Retirements

2/ Depreciation Expense has been prorated for 2 months (February - March 2014)

3/ 23.23% per RIPUC Docket No. 4382 (FY 2014 Elec ISR reconciliation), Attachment WRR-1-Revised, Page 12.

4/ Refer to Page 29

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of Tax Depreciation and Repairs Deduction on FY2014 Incremental Capital Investments**

Line No.			Fiscal Year 2014 (a)	Fiscal Year 2018 (e)	Fiscal Year 2019 (f)	Fiscal Year 2020 (g)
	<u>Capital Repairs Deduction</u>					
1	Plant Additions	Page 12 of 29, Line 3	\$12,842,359			
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 34.46%			
3	Capital Repairs Deduction	Line 1 * Line 2	\$4,425,477			
	<u>Bonus Depreciation</u>					
4	Plant Additions	Line 1	\$12,842,359			
5	Less Capital Repairs Deduction	Line 3	\$4,425,477			
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$8,416,882			
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	99.00%			
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$8,332,713			
9	Bonus Depreciation Rate (April 2013 - December 2013)	1 * 75% * 50%	37.50%			
10	Bonus Depreciation Rate (January 2014 - March 2014)	1 * 25% * 50%	12.50%			
11	Total Bonus Depreciation Rate	Line 9 + Line 10	50.00%			
12	Bonus Depreciation	Line 8 * Line 11	\$4,166,357			
	<u>Remaining Tax Depreciation</u>					
13	Plant Additions	Line 1	\$12,842,359			
14	Less Capital Repairs Deduction	Line 3	\$4,425,477			
15	Less Bonus Depreciation	Line 12	\$4,166,357			
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$4,250,525	\$4,250,525	\$4,250,525	\$4,250,525
17	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	5.713%	5.285%	4.888%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$159,395	\$242,832	\$224,640	\$207,766
19	Cost of Removal	Page 12 of 29, Line 10 + Line 10a	(\$924,903)			
20	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18 and 19	\$7,826,326	\$242,832	\$224,640	\$207,766

1/ Capital Repairs percentage is based on the FY 2014 tax return.

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
FY 2019 Revenue Requirement on FY 2013 Actual Incremental Capital Investment**

Line No.			Fiscal Year 2013 (a)	Cumulative FY14-FY17 (f)	Fiscal Year 2018 (g)	Fiscal Year 2019 (h)	Fiscal Year 2020 (i)
<u>Capital Additions Allowance</u>							
<i>Non-Discretionary Capital</i>							
1	Non-Discretionary Additions	Per RIPUC Docket No. 4307	(\$5,184,396)		\$0	\$0	\$0
1a	Work Order Write Off Adjustment	Per Company's books	(\$576,955)		\$0	\$0	\$0
<i>Discretionary Capital</i>							
2	Lesser of Actual Discretionary Capital Additions or Approved Spending	Per RIPUC Docket No. 4307	(\$1,850,463)		\$0	\$0	\$0
2a	Work Order Write Off Adjustment	Per Company's books	(\$207,197)		\$0	\$0	\$0
3	Total Allowed Capital Included in Rate Base in Current Year	Line 1 + Line 1a + Line 2 + Line 2a	(\$7,819,012)		\$0	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>							
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	(\$7,819,012)		\$0	\$0	\$0
5	Retirements		\$5,838,935		\$0	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Columns (b), (c), & (d) = Prior Year Line 6	(\$13,657,947)		(\$13,657,947)	(\$13,657,947)	(\$13,657,947)
<u>Change in Net Capital Included in Rate Base</u>							
7	Capital Included in Rate Base	Line 3	(\$7,819,012)		\$0	\$0	\$0
8	Depreciation Expense	As approved per R.I.P.U.C. Docket No. 4065, excluding general plant	\$0		\$0	\$0	\$0
9	Incremental Capital Amount	Column (a) = Line 7 - Line 8; Columns (b), (c) & (d) = Prior Year Line 9	(\$7,819,012)		(\$7,819,012)	(\$7,819,012)	(\$7,819,012)
10	Total Cost of Removal		(\$1,895,059)		(\$1,895,059)	(\$1,895,059)	(\$1,895,059)
10a	Work Order Write Off Adjustment	Per Company's books	(\$106,751)		(\$106,751)	(\$106,751)	(\$106,751)
11	Total Net Plant in Service	Line 9 + Line 10 + Line 10a	(\$9,820,822)	(\$9,820,822)	(\$9,820,822)	(\$9,820,822)	(\$9,820,822)
<u>Deferred Tax Calculation:</u>							
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4065	3.40%		3.40%	3.40%	3.40%
13	Tax Depreciation	Page 15 of 29, Line 20	(\$6,531,672)		(\$180,604)	(\$167,038)	(\$154,530)
14	Cumulative Tax Depreciation	Prior Year Line 13 + Current Year Line 14	(\$6,531,672)	(\$7,412,857)	(\$7,593,461)	(\$7,760,499)	(\$7,915,029)
15	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Columns (b), (c) & (d) = Line 6 * Line 12	(\$232,185)		(\$464,370)	(\$464,370)	(\$464,370)
16	Cumulative Book Depreciation	Prior Year Line 16 + Current Year Line 15	(\$232,185)	(\$2,089,666)	(\$2,554,036)	(\$3,018,406)	(\$3,482,776)
17	Cumulative Book / Tax Timer	Line 14 - Line 16	(\$6,299,487)	(\$5,323,191)	(\$5,039,425)	(\$4,742,093)	(\$4,432,253)
18	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%	21.00%
19	Deferred Tax Reserve	Line 17 * Line 18	(\$2,204,820)	(\$1,863,117)	(\$1,058,279)	(\$995,839)	(\$930,773)
20	Excess Deferred Tax	Line 28 of 29, Line 2(f)			(\$715,451)	(\$715,451)	(\$715,451)
21	Less: FY 2013 Federal NOL	Page 23 of 29, Line 13(j)	(\$2,342,381)	(\$2,342,381)	(\$2,342,381)	(\$2,342,381)	(\$2,342,381)
22	Less: Proration Adjustment	Col (g) = Page 26b of 29, Line 40; Col (h) = Page 27b of 29, Line 40	\$0	\$0	(\$53,922)	(\$56,500)	(\$58,877)
23	Net Deferred Tax Reserve	Sum of Lines 19 through 22	(\$4,547,202)	(\$4,205,498)	(\$4,170,034)	(\$4,110,172)	(\$4,047,483)
24							
25	<u>Rate Base Calculation:</u>						
26	Cumulative Incremental Capital Included in Rate Base	Line 11	(\$9,820,822)	(\$9,820,822)	(\$9,820,822)	(\$9,820,822)	(\$9,820,822)
27	Accumulated Depreciation	-Line 16	\$232,185	\$2,089,666	\$2,554,036	\$3,018,406	\$3,482,776
28	Deferred Tax Reserve	-Line 23	\$4,547,202	\$4,205,498	\$4,170,034	\$4,110,172	\$4,047,483
29	Year End Rate Base	Sum of Lines 26 through 28	(\$5,041,435)	(\$3,525,658)	(\$3,096,752)	(\$2,692,243)	(\$2,290,563)
30							
31	<u>Revenue Requirement Calculation:</u>						
32	Average Rate Base	Column (a) = Current Year Line 29 ÷ 2; Column (b) = (Prior Year Line 29 + Current Year Line 29) ÷ 2	(\$2,520,717)		(\$3,311,205)	(\$2,894,498)	(\$2,491,403)
33	Pre-Tax ROR		9.68%		9.36%	8.41%	8.41%
34	Return and Taxes	Line 32 * Line 33	(\$244,005)		(\$309,929)	(\$243,427)	(\$209,527)
35	Book Depreciation	Line 15	(\$232,185)		(\$464,370)	(\$464,370)	(\$464,370)
36	Property Taxes	Year 1 = \$0, then Prior Year (Line 11 - Line 16) * Current Year Effective Property Tax rate	\$0		(\$289,520)	(\$252,342)	(\$236,217)
37							
38	Annual Revenue Requirement	Sum of Lines 34 through 36	(\$476,191)		(\$1,063,819)	(\$960,140)	(\$910,114)

1/ FY 2017 effective property tax rate of 3.47% per Page 21 of 29, Line 71(h)

2/ Refer to Page 29

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of Tax Depreciation and Repairs Deduction on FY2013 Incremental Capital Investments**

		Fiscal Year <u>2013</u> (a)	Fiscal Year <u>2018</u> (f)	Fiscal Year <u>2019</u> (g)	Fiscal Year <u>2020</u> (h)
<u>Capital Repairs Deduction</u>					
1 Plant Additions	Page 14 of 29, Line 3	(\$7,819,012)			
2 Capital Repairs Deduction Rate	1/	12.59%			
3 Capital Repairs Deduction	Line 1 * Line 2	(\$984,414)			
<u>Bonus Depreciation</u>					
4 Plant Additions	Line 1	(\$7,819,012)			
5 Less Capital Repairs Deduction	Line 3	(\$984,414)			
6 Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	(\$6,834,598)			
7 Percent of Plant Eligible for Bonus Depreciation		100.00%			
8 Plant Eligible for Bonus Depreciation	Line 6 * Line 7	(\$6,834,598)			
9 Bonus Depreciation Rate (April 2012 - December 2012)	1 * 75% * 50%	37.50%			
10 Bonus Depreciation Rate (January 2013 - March 2013)	1 * 25% * 50%	12.50%			
11 Total Bonus Depreciation Rate	Line 9 + Line 10	50.00%			
12 Bonus Depreciation	Line 8 * Line 11	(\$3,417,299)			
<u>Remaining Tax Depreciation</u>					
13 Plant Additions	Line 1	(\$7,819,012)			
14 Less Capital Repairs Deduction	Line 3	(\$984,414)			
15 Less Bonus Depreciation	Line 12	(\$3,417,299)			
16 Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	(\$3,417,299)	(\$3,417,299)	(\$3,417,299)	(\$3,417,299)
17 20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	5.285%	4.888%	4.522%
18 Remaining Tax Depreciation	Line 16 * Line 17	(\$128,149)	(\$180,604)	(\$167,038)	(\$154,530)
19 Cost of Removal	Page 14 of 29, Line 10 + Line 10a	(\$2,001,810)			
20 Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19	(\$6,531,672)	(\$180,604)	(\$167,038)	(\$154,530)

1/ Capital Repairs percentage is based on the FY 2013 tax return.

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
FY 2019 Revenue Requirement on FY 2012 Actual Incremental Capital Investment**

Line No.		Fiscal Year 2012 (a)	Cumulative FY13-FY17 (g)	Fiscal Year 2018 (h)	Fiscal Year 2019 (i)	Fiscal Year 2020 (j)
<u>Capital Additions Allowance</u>						
<i>Non-Discretionary Capital</i>						
1	Non-Discretionary	Per RIPUC Docket No. 4218	(\$4,019,686)	\$0	\$0	\$0
<i>Discretionary Capital</i>						
2	Lesser of Actual Discretionary Capital Additions or Spending or Approved Spending	Per RIPUC Docket No. 4218	\$4,163,942	\$0	\$0	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 2	\$144,256	\$0	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>						
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$144,256	\$0	\$0	\$0
5	Retirements		\$19,938	\$0	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Columns (b) through (h) = Prior Year Line 6	\$124,318	\$124,318	\$124,318	\$124,318
<u>Change in Net Capital Included in Rate Base</u>						
7	Incremental Capital Amount	Column (a) = Line 4, Columns (b) through (h) = Prior Year Line 7	\$144,256	\$144,256	\$144,256	\$144,256
8	Cost of Removal		(\$771,131)	(\$771,131)	(\$771,131)	(\$771,131)
9	Total Net Plant in Service	Line 7 + Line 8	(\$626,875)	(\$626,875)	(\$626,875)	(\$626,875)
<u>Deferred Tax Calculation:</u>						
10	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4065	3.40%	3.40%	3.40%	3.40%
11	Tax Depreciation	Page 17 of 29, Line 20	(\$654,965)	\$1,427	\$1,320	\$1,302
12	Cumulative Tax Depreciation	Prior Year Line 12 + Current Year Line 11	(\$654,965)	(\$645,897)	(\$644,471)	(\$643,151)
13	Book Depreciation	Column (a) = -Line 6 * Line 10 * 50%; Columns (b) through (h) = Line 6 * Line 10	(\$2,113)	(\$4,227)	(\$4,227)	(\$4,227)
14	Cumulative Book Depreciation	Prior Year Line 14 + Current Year Line 13	(\$2,113)	(\$23,247)	(\$27,474)	(\$31,701)
15	Cumulative Book / Tax Timer	Line 12 - Line 14	(\$652,852)	(\$622,650)	(\$616,996)	(\$611,450)
16	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%
17	Deferred Tax Reserve	Line 15 * Line 16	(\$228,498)	(\$217,927)	(\$129,569)	(\$128,404)
18	Less: FY 2013 Federal NOL	Page 23 of 29, Line 13(i)	(\$3,434,992)	(\$3,434,992)	(\$3,434,992)	(\$3,434,992)
19	Less: Proration Adjustment	Col (h) = Page 26b of 29, Line 40; Col (i) = Page 27b of 29, Line 40	\$0	\$0	(\$1,074)	(\$1,054)
20	Excess Deferred Tax	Page 28 of 29, Line 1(f)		(\$86,577)	(\$86,577)	(\$86,577)
21	Net Deferred Tax Reserve	Sum of Lines 17 through 20	(\$3,663,490)	(\$3,652,920)	(\$3,652,213)	(\$3,651,028)
<u>Rate Base Calculation:</u>						
22	Cumulative Incremental Capital Included in Rate Base	Line 9	(\$626,875)	(\$626,875)	(\$626,875)	(\$626,875)
23	Accumulated Depreciation	-Line 14	\$2,113	\$23,247	\$31,701	\$35,928
24	Deferred Tax Reserve	-Line 21	\$3,663,490	\$3,652,920	\$3,652,213	\$3,651,028
25	Year End Rate Base	Sum of Lines 22 through 24	\$3,038,729	\$3,049,292	\$3,052,812	\$3,055,854
<u>Revenue Requirement Calculation:</u>						
26	Average Rate Base	(Prior Year Line 25 + Current Year Line 25) ÷ 2	\$1,519,364	\$3,051,052	\$3,054,333	\$3,057,385
27	Pre-Tax ROR		2/ 9.30%	9.36%	8.41%	8.41%
28	Return and Taxes	Line 26 * Line 27	\$141,301	\$285,578	\$256,869	\$257,126
29	Book Depreciation	Line 13	(\$2,113)	(\$4,227)	(\$4,227)	(\$4,227)
30	Property Taxes	Year 1 = \$0, then Prior Year (Line 9 - Line 14) * Current Year Effective Property Tax rate	1/ \$0	(\$22,605)	(\$20,814)	(\$20,668)
31	Annual Revenue Requirement	Sum of Lines 28 through 30	\$139,188	\$258,746	\$231,828	\$232,231

1/ FY 2017 effective property tax rate of 3.47% per Page 21 of 29, Line 71(h)

2/ Refer to Page 29

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of Tax Depreciation and Repairs Deduction on FY2012 Incremental Capital Investments**

Line No.			Fiscal Year 2012 (a)	Fiscal Year 2018 (g)	Fiscal Year 2019 (h)	Fiscal Year 2020 (i)
	<u>Capital Repairs Deduction</u>					
1	Plant Additions	Page 16 of 29, Line 3	\$144,256			
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 21.05%			
3	Capital Repairs Deduction	Line 1 * Line 2	\$30,366			
	<u>Bonus Depreciation</u>					
4	Plant Additions	Line 1	\$144,256			
5	Less Capital Repairs Deduction	Line 3	\$30,366			
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$113,890			
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	2/ 85.00%			
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$96,807			
9	Bonus Depreciation Rate (April 2011 - December 2011)	1 * 75% * 100%	75.00%			
10	Bonus Depreciation Rate (January 2012 - March 2012)	1 * 25% * 50%	12.50%			
11	Total Bonus Depreciation Rate	Line 9 + Line 10	87.50%			
12	Bonus Depreciation	Line 8 * Line 11	\$84,706			
	<u>Remaining Tax Depreciation</u>					
13	Plant Additions	Line 1	\$144,256			
14	Less Capital Repairs Deduction	Line 3	\$30,366			
15	Less Bonus Depreciation	Line 12	\$84,706			
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$29,184	\$29,184	\$29,184	\$29,184
17	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	4.888%	4.522%	4.462%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$1,094	\$1,427	\$1,320	\$1,302
19	Cost of Removal	Page 16 of 29, Line 8	(\$771,131)			
20	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19	(\$654,965)	\$1,427	\$1,320	\$1,302

1/ Per Docket 4307 FY 2013 Electric ISR Reconciliation Filing at Attachment WRR-1, Page 8, Line 2

2/ Since not all property additions qualify for bonus depreciation and because a project must be started after the beginning of the bonus period, January 1, 2008, an

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
FY 2012 - 2014 Incremental Capital Investment Summary**

Line No.			Actual Fiscal Year 2012 (a)	Actual Fiscal Year 2013 (b)	Fiscal Year 2014 (c)
<u>Capital Investment</u>					
1	ISR - Eligible Capital Investment	Col (a) =FY 2012 ISR Reconciliation Filing Docket No. 4218; Col (b) = FY 2013 ISR Reconciliation Filing Docket No. 4307; Col (c) = FY 2014 ISR Reconciliation Filing Docket No. 4382	\$48,946,456	\$44,331,141	\$56,129,551
1a	Work Order Write Off Adjustment	Per Company's books	\$0	(\$784,153)	(\$481,907)
2	ISR - Eligible Capital Additions included in Rate Base per R.I.P.U.C. Docket No. 4323	Schedule MDL-3-ELEC Page 53, Docket No. 4323; Col (a)= Line Note 1(a); Col (b)= Line Note 2(b); Col (c)= Line Note 3(e)	\$48,802,200	\$51,366,341	\$42,805,284
3	Incremental ISR Capital Investment	Line 1 + Line 1a - Line 2	\$144,256	(\$7,819,353)	\$12,842,360
<u>Cost of Removal</u>					
4	ISR - Eligible Cost of Removal	Col (a) =FY 2012 ISR Reconciliation Filing Docket No. 4218; Col (b)= FY 2013 Reconciliation Filing Docket No. 4307; Col (c) = FY 2014 ISR Reconciliation Filing Docket No. 4382	\$5,807,869	5,179,941	\$5,007,992
4a	Work Order Write Off Adjustment	Per Company's books	\$0	(\$106,751)	(\$37,062)
5	ISR - Eligible Cost of Removal in Rate Base per R.I.P.U.C. Docket No. 4323	Workpaper MDL-19-ELEC Page 2, Docket No. 4323; Col (a)= Line Note 1(a); Col (b)= Line Note 2(b); Line Note 3(e)	\$6,579,000	\$7,075,000	\$5,895,833
6	Incremental Cost of Removal	Line 4 + Line 4a - Line 5	(\$771,131)	(\$2,001,810)	(\$924,903)
<u>Retirements</u>					
7	ISR - Eligible Retirements/Actual	Col (a)= FY 2012 ISR Reconciliation Filing Docket No. 4218; Col (b) = FY 2013 ISR Reconciliation Filing Docket No. 4307; Col (c) = FY 2014 ISR Reconciliation Filing Docket No. 4382	\$7,740,446	\$14,255,714	\$3,299,874
8	ISR - Eligible Retirements/Estimated	Col (a)= FY 2012 ISR Proposal Filing Docket No. 4218; Col (b)= FY 2013 ISR Proposal Filing Docket No. 4307; Col (c) = Line 2 (c) * 17.44% Retirement rate per Docket 4323 (Workpaper MDL-19-ELEC Page 3)	\$7,720,508	\$8,416,779	\$7,465,242
9	Incremental Retirements	Line 7 - Line 8	\$19,938	\$5,838,935	(\$4,165,367)

The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
FY 2017 Capital Investment

				Actuals
				(a)
Line No.	Discretionary Capital			
1	Cumulative FY 2016 Discretionary Capital ADDITIONS	Docket No. 4539 FY16 Reconciliation Att. AST-1 Page 14, Line 3		\$159,030,344
2	FY 2017 Discretionary Capital ADDITIONS	Attachment PSA-1, Page 3, Table 1		\$46,895,663
3	Cumulative Actual Discretionary Capital Additions	Line 1 + Line 2		\$205,926,007
4	Cumulative FY 2016 Discretionary Capital SPENDING	Docket No. 4539 FY16 Reconciliation Att. AST-1 Page 14, Line 6		\$192,056,464
5	FY 2017 Discretionary Capital SPENDING	Attachment PSA-1, Page 5, Table 3		\$48,266,492
6	Cumulative Actual Discretionary Capital Spending	Line 4 + Line 5		\$240,322,956
				As Approved in Docket No. 4592
7	Cumulative FY 2016 Approved Discretionary Capital SPENDING	Docket No. 4539 FY16 Reconciliation Att. AST-1 Page 14, Line 9		\$174,212,150
8	FY 2017 Approved Discretionary Capital SPENDING	Attachment PSA-1, Page 5, Table 3		\$52,523,386
9	Cumulative Actual Approved Discretionary Capital Spending	Line 7 + Line 8		\$226,735,536
				Total Allowed
10	Cumulative Allowed Discretionary Capital Included in Rate Base	Lesser of Line 3, Line 6, or Line 9		\$205,926,007
11	Prior Year Cumulative Allowed Discretionary Capital Included in Rate Base	Docket No. 4539 FY16 Reconciliation Filing Att. AST-1, Page 14, Line 10		\$159,030,344
12	Total Allowed Discretionary Capital Included in Rate Base Current Year	Line 10 - Line 11		\$46,895,663

The Narragansett Electric Company
d/b/a National Grid
FY 2019 ISR Property Tax Recovery Adjustment
(000s)

Line		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)		(i)	(j)	(k)
		<u>RY End</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk Depr (1)</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY 2014</u>				
1	Plant In Service	\$1,358,470	\$9,275	\$1,885	\$11,160		\$550		\$1,370,180				
2													
3	Accumulated Depr	\$611,570				\$7,498	\$550	(\$828)	\$618,789				
4													
5	Net Plant	\$746,900							\$751,391				
6													
7	Property Tax Expense	\$29,743							\$27,502				
8													
9	Effective Prop tax Rate	3.98%							3.66%				
10													
11													
12	Effective tax Rate Calculation	<u>End of FY 2014</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk Depr (1)</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY 2015</u>				
13													
14	Plant In Service	\$1,370,180	\$76,340	\$5,801	\$82,141		(\$15,666)		\$1,436,655				
15													
16	Accumulated Depr	\$618,789				\$46,514	(\$15,666)	(\$6,988)	\$642,649				
17													
18	Net Plant	\$751,391							\$794,006				
19													
20	Property Tax Expense	\$27,502							\$32,549				
21													
22	Effective Prop tax Rate	3.66%							4.10%				
23													
24	Effective tax Rate Calculation	<u>End of FY 2015</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk Depr (1)</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY 2016</u>				
25													
26	Plant In Service	\$1,436,655	\$72,003	\$17,773	\$89,777		(\$28,490)		\$1,497,942				
27													
28	Accumulated Depr	\$642,649				\$48,686	(\$28,490)	(\$8,193)	\$654,652				
29													
30	Net Plant	\$794,006							\$843,290				
31													
32	Property Tax Expense	\$32,549							\$31,580				
33													
34	Effective Prop tax Rate	4.10%							3.74%				
35													
36													
37	Property Tax Recovery Calculation												
38		<u>Cumulative Increm. ISR Prop. Tax for FY14</u>				<u>Cumulative Increm. ISR Prop. Tax for FY15</u>				<u>Cumulative Increm. ISR Prop. Tax for FY16</u>			
39		2 mos											
40	ISR Additions	\$9,275				\$76,340				\$72,003			
41	Book Depreciation: base allowance on ISR eligible plant	(\$7,173)				(\$43,032)				(\$43,032)			
42	Book Depreciation: current year ISR additions	(\$324)				(\$1,031)				(\$740)			
43	COR	\$828				\$6,988				\$8,193			
44													
45	Net Plant Additions	\$2,605				\$39,266				\$36,425			
46													
47	RY Effective Tax Rate	3.98%				3.98%				3.98%			
48	ISR Property Tax Recovery on FY 2014 vintage investment												
49	ISR Property Tax Recovery on FY 2015 vintage investment												
50	ISR Property Tax Recovery on FY 2016 vintage investment												
51													
52													
53	ISR Year Effective Tax Rate	3.66%				4.10%				3.74%			
54	RY Effective Tax Rate	3.98%				3.98%				3.98%			
55	RY Effective Tax Rate 2 mo for FY 2014	-0.32%				0.12%				-0.24%			
56	RY Net Plant times 2 mo rate	\$746,900				\$746,900 * 0.12%				\$746,900 * -0.24%			
57	FY 2014 Net Adds times ISR Year Effective Tax rate	\$2,605				\$2,568 * 0.12%				\$2,234 * -0.24%			
58	FY 2015 Net Adds times ISR Year Effective Tax rate					\$39,266 * 0.12%				\$38,234 * -0.24%			
59	FY 2016 Net Adds times ISR Year Effective Tax rate									\$36,425 * -0.24%			
60	Total Property Tax due to rate differential	(\$409)				\$924				(\$1,869)			
61													
62	Total ISR Property Tax Recovery	(\$306)				\$2,590				\$1,193			
62a	As Approved in RIPUC Docket No. 4539	(\$304)				\$2,590				\$1,192			
62b	Work Order Write Off Adjustment	(2)				(0)				2			

The Narragansett Electric Company
d/b/a National Grid
FY 2019 ISR Property Tax Recovery Adjustment (continued)
(000s)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)			
	<u>End of FY</u>	<u>ISR</u>	<u>Non-ISR</u>								
	<u>2016</u>	<u>Additions</u>	<u>Add's</u>	<u>Total Add's</u>	<u>Bk Depr (1)</u>	<u>Retirements</u>	<u>COR</u>	<u>2017</u>			
Effective tax Rate Calculation											
63 Plant In Service	\$1,497,942	\$75,489	\$10,718	\$86,207		(\$22,245)		\$1,561,904			
64 Accumulated Depr	\$654,652				\$50,815	(\$22,245)	(\$7,807)	\$675,416			
66 Net Plant	\$843,290							\$886,489			
68 Property Tax Expense	\$31,580							\$30,784			
70 Effective Prop tax Rate	3.74%							3.47%			
72											
	<u>End of FY</u>	<u>ISR</u>	<u>Non-ISR</u>								
	<u>2017</u>	<u>Additions</u>	<u>Add's</u>	<u>Total Add's</u>	<u>Bk Depr (1)</u>	<u>Retirements</u>	<u>COR</u>	<u>2018</u>			
Effective tax Rate Calculation											
73 Plant In Service	\$1,561,904	\$74,843	\$3,100	\$77,943		(\$16,457)		\$1,623,390			
75 Accumulated Depr	\$675,416				\$52,948	(\$16,457)	(\$9,646)	\$702,260			
77 Net Plant	\$886,489							\$921,129			
80 Property Tax Expense	\$30,784							\$34,495			
82 Effective Prop tax Rate	3.47%							3.74%			
84											
	<u>End of FY</u>	<u>ISR</u>	<u>Non-ISR</u>								
	<u>2018</u>	<u>Additions</u>	<u>Add's</u>	<u>Total Add's</u>	<u>Bk Depr (1)</u>	<u>Retirements</u>	<u>COR</u>	<u>2019</u>			
Effective tax Rate Calculation											
85 Plant In Service	\$1,623,390	\$83,970	\$3,100	\$87,070		(\$27,264)		\$1,683,196			
87 Accumulated Depr	\$702,260				\$55,010	(\$27,264)	(\$12,054)	\$717,952			
89 Net Plant	\$921,129							\$965,244			
92 Property Tax Expense	\$34,495							\$33,519			
94 Effective Prop tax Rate	3.74%							3.47%			
96											
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Property Tax Recovery Calculation											
	Cumulative Increm. ISR Prop. Tax for				Cumulative Increm. ISR Prop. Tax for FY18				Cumulative Increm. ISR Prop. Tax for FY19		
	FY17										
99											
100											
101	ISR Additions	\$75,489				\$74,843				\$83,970	
102	Book Depreciation: base allowance on ISR eligible plant	(\$43,032)				(\$43,032)				(\$43,032)	
103	Book Depreciation: current year ISR additions	(\$905)				(\$993)				(\$1,089)	
104	COR	\$7,807				\$9,646				\$12,054	
105											
106	Net Plant Additions	\$39,359				\$40,465				\$51,903	
107											
108	RY Effective Tax Rate	3.98%				3.98%				3.98%	
109	ISR Property Tax Recovery on FY 2014 vintage investment		\$76				\$62				\$49
110	ISR Property Tax Recovery on FY 2015 vintage investment		\$1,440				\$1,358				\$1,276
111	ISR Property Tax Recovery on FY 2016 vintage investment		\$1,392				\$1,333				\$1,274
112	ISR Property Tax Recovery on FY 2017 vintage investment		\$1,567				\$1,495				\$1,423
113	ISR Property Tax Recovery on FY 2018 vintage investment						\$1,611				\$1,532
114	ISR Property Tax Recovery on FY 2019 vintage investment										\$2,067
115	Subtotal		\$4,475				\$5,860				\$7,621
116	ISR Year Effective Tax Rate	3.47%			3.74%				3.47%		
117	RY Effective Tax Rate	3.98%	-0.51%		3.98%	-0.24%			3.98%	-0.51%	
118	RY Effective Tax Rate 2 mos for FY 2014										
119	RY Net Plant times 2 mo rate	\$746,900	* -0.51%	(\$3,807)		\$746,900	* -0.24%	(\$1,773)	\$746,900	* -0.51%	(\$3,807)
120	FY 2014 Net Adds times ISR Year Effective Tax ra	\$1,900	* -0.51%	(\$10)		\$1,566	* -0.24%	(\$4)	\$1,232	* -0.51%	(\$6)
121	FY 2015 Net Adds times ISR Year Effective Tax ra	\$36,171	* -0.51%	(\$184)		\$34,108	* -0.24%	(\$81)	\$32,045	* -0.51%	(\$163)
122	FY 2016 Net Adds times ISR Year Effective Tax ra	\$34,945	* -0.51%	(\$178)		\$33,466	* -0.24%	(\$79)	\$31,987	* -0.51%	(\$163)
123	FY 2017 Net Adds times ISR Year Effective Tax ra	\$39,359	* -0.51%	(\$201)		\$37,549	* -0.24%	(\$89)	\$35,739	* -0.51%	(\$182)
124	FY 2018 Net Adds times ISR Year Effective Tax rate					\$40,465	* -0.24%	(\$96)	\$38,480	* -0.51%	(\$196)
125	FY 2019 Net Adds times ISR Year Effective Tax rate								\$51,903	* -0.51%	(\$265)
126											
127	Total Property Tax due to rate differential		(\$4,379)				(\$2,122)			(\$4,782)	
128	Total ISR Property Tax Recovery		\$96				\$3,738			\$2,839	

The Narragansett Electric Company
d/b/a National Grid
FY 2019 ISR Property Tax Recovery Adjustment (continued)
(000s)

Line Notes

1(a)-9(a) Per Rate Year cost of service
1(b) - 9(h) Per FY 2014 Electric ISR Reconciliation Filing per Docket 4382
14(a)-22(h) Per FY 2015 Electric ISR Reconciliation Filing per Docket 4473
26(a)-34(h) Per FY 2016 Electric ISR Reconciliation Filing per Docket 4539
40(a) - 62(c) Per FY 2017 Electric ISR Reconciliation Filing per Docket 4382
40(e)-62(g) Per FY 2015 Electric ISR Reconciliation Filing per Docket 4473
40(i)-62(k) Per FY 2016 Electric ISR Reconciliation Filing per Docket 4539
63(a) Per Line 26(h)
63(b) Per Page 7 of 27, Line 1 /1000
63(c) Per Company's books
63(d) Line 63(b) + Line 63(c)
63(f) Per Page 6 of 27, Line 5 /1000
63(h) Line 63(a) + Line 63(d) + Line 63(f)
65(a) Per Line 28(h)
65(e) Rate Year depr allowance of \$44,986 * (Line 1(d)+1(f) * comp depr rate of 3.40%) + (Line 14(d)+14(f) * comp depr rate of 3.40%) + (Line 26(d)+26(f) * comp depr rate of 3.40%) + (Line 63(d) +63(f) * comp depr rate of 3.40% * 50%)
65(f) Per Line 63(f)
65(g) Per Page 6 of 27, Line 10/ 1000
65(h) Line 65(a) + Line 65(e) + Line 65(f) + Line 65(g)
67(a) Per Line 30(h)
67(h) Line 63(h) - Line 65(h)
69(a) Per Line 32(h)
69(h) Per Company's books
71(a) Per Line 34(h)
71(h) Line 69(h) / Line 67(h)
75(a) Per Line 63(h)
75(b) Per Page 5 of 27, Line 5(a) /1000
75(d) Sum of Line 75(b) and Line 75(c)
75(f) Per Page 4 of 27, Line 5(a) /1000
75(h) Line 75(a) + Line 75(d) + 75(f)
77(a) Per Line 65(h)
77(e) Rate Year depr allowance of \$44,986 * (Line 1(d)+1(f) * comp depr rate of 3.40%) + (Line 14(d)+14(f) * comp depr rate of 3.40%) + (Line , 26(d)+26(f) * comp depr rate of 3.40%) + (Line 63(d) +63(f) * comp depr rate of 3.40%) + (Line 75(d) +75(f) * comp depr rate of 3.40% * 50%)
77(f) Per Line 75(f)
77(g) Per Page 6 of 27, Line 11(a) /1000
77(h) Line 77(a) + Line 77(e) + Line 77(f) + Line 77(g)
79(a) Per Line 67(h)
79(h) Line 75(h) - Line 77(h)
81(a) Line 69(h)
81(h) Line 79(h) * Line 83(h)
83(a) Line 81(a) / Line 79(a)
83(h) Per Line 34(h)
87(a) Per Line 75(h)
87(b) Per Page 3 of 27, Line 1(a) /1000
87(d) Line 87(b) + Line 87(c)
87(f) Per Page 2 of 27, Line 5(a) /1000
89(a) Per Line 77(h)
89(f) Per Line 87(f)
89(g) Per Page 2 of 27, Line 10(a) /1000
89(h) Line 89(a) + Line 89(e) + Line 89(f) + Line 89(g)
91(a) Per Line 79(h)
91(h) Line 87(h) - Line 89(h)
93(a) Per Line 81(h)
95(a) Line 93(a) / Line 91 (a)
95(h) Per Line 71(h)
101(b) Per Line 63(b)
101(f) Per Line 75(b)
101(i) Per Line 87(b)
102(b) Per Page 6 of 27, Line 8/ 1000
102(f) Per Page 4 of 27, Line 8(a) /1000
102(j) Per Page 2 of 27, Line 8(a) /1000
103(b) Per Page 6 of 27, Line 15/ 1000
103(f) Per Page 4 of 27, Line 16(a) /1000
103(j) Per Page 2 of 27, Line 16(a) /1000
104(b) Per Line 65(g) *-1
104(f) Per Line 77(g) *-1
104(i) Per Line 89(g) *-1
106(b) Sum of Lines 101(b) through Lines 104(b)
106(f) Sum of Lines 101(f) through Lines 104(f)
106(j) Sum of Lines 101(j) through Lines 104(j)
108(b) Per Line 9(a)
108(f) Per Line 9(a)
108(j) Per Line 9(a)
109(c) Line 108(b) * Line 120(a)
109(g) Line 108(f) * Line 120(e)
109(k) Line 108(i) * Line 120(i)
110(c) Line 108(b) * Line 121(a)
110(g) Line 108(f) * Line 121(e)
110(k) Line 108(i) * Line 121(i)
111(c) Line 108(b) * Line 122(a)
111(g) Line 108(f) * Line 122(e)
111(k) Line 108(i) * Line 122(i)
112(c) Line 108(b) * Line 123(a)
112(g) Line 108(f) * Line 123(e)
112(k) Line 108(i) * Line 123(i)

Line Notes

Line 108(f) * Line 124(e)
Line 108(i) * Line 124(i)
Line 108(j) * Line 125(i)
Sum of Lines 109(c) through Lines 114(c)
Sum of Lines 109(g) through Lines 114(g)
Sum of Lines 109(k) through Lines 114(k)
Per Line 71(h)
Per Line 83(h)
Per Line 95(h)
Per Line 9(a)
Line 116(a)-Line 117(a)
Per Line 9(a)
Line 116(e) -Line 117(e)
Per Line 9(a)
Line 116(i)-Line 117(i)
Per Line 5(a)
Per Line 117(b)
Line 119(a) * Line 117(b)
Per Line 5(a)
Per Line 117(f)
Line 119(e) * Line 117(f)
Per Line 5(a)
Per Line 117(i)
Line 119(i) * Line 117(i)
Line 57(i) - ((Line 40(b)+Line 1(f))*3.40%)
Per Line 117(b)
Line 120(a) * Line 117(b)
Line 120(e) * Line 117(b)
Per Line 117(f)
Line 120(e) * Line 117(f)
Line 120(i) * Line 117(f)
Line 120(i) - ((Line 40(b)+Line 1(f))*3.40%)
Per Line 117(i)
Line 120(i) * 117(i)
Line 58(i) - ((Line 40(f)+Line 14(f))*3.40%)
Per Line 117(b)
Line 121(a) * Line 117(b)
Line 121(a) - ((Line 40(f)+Line 14(f))*3.40%)
Per Line 117(f)
Line 121(e) * Line 117(f)
Line 121(i) - ((Line 40(f)+Line 14(f))*3.40%)
Per Line 117(i)
Line 121(i) * 117(i)
Line 59(i) - ((Line 40(i)+Line 26(f))*3.40%)
Per Line 117(b)
Line 122(a) * Line 117(b)
Line 122(a) - ((Line 40(i)+Line 26(f))*3.40%)
Per Line 117(f)
Line 122(e) * Line 117(f)
Line 122(i) - ((Line 40(i)+Line 26(f))*3.40%)
Per Line 117(i)
Line 122(i) * Line 117(i)
Per Line 106(b)
Per Line 117(b)
Line 123(a) * Line 117(b)
Line 123(a) - ((Line 101(b)+Line 63(f))*3.40%)
Per Line 117(f)
Line 123(e) * Line 117(f)
Line 123(e) - ((Line 101(b)+Line 63(f))*3.40%)
Per Line 117(i)
Line 123(i) * Line 117(i)
Per Line 106(f)
Line 124(e) * Line 117(i)
Line 124(e) * 117(f)
Line 124(e) - ((Line 101(f)+Line 75(f))*3.40%)
Per Line 117(j)
Line 124(i) * Line 117(j)
Per Line 106(j)
Per Line 117(j)
Line 117(i) * Line 125(i)
Sum of Lines 119(c) through Lines 125(c)
Sum of Lines 119(g) through Lines 125(g)
Sum of Lines 119(k) through Lines 125(k)
Line 115(c) + Line 126(c)
Line 115(g) + Line 126(g)
Line 115(k) + Line 126(k)

The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Deferred Income Tax ("DIT") Provisions and Net Operating Losses ("NOL")

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
									CY 2011	CY 2012	Jan-2013	Feb 13 - Jan 14				
									\$15,856,458	\$5,546,827	\$521,151	(\$1,967,911)				
1 Total Base Rate Plant DIT Provision																
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
2 Total Base Rate Plant DIT Provision									\$13,279,050	\$4,353,286	(\$1,639,926)	\$0	\$0	\$0	\$0	\$0
3 Incremental FY 12	(\$228,498)	(\$226,281)	(\$224,120)	(\$222,009)	(\$219,947)	(\$217,927)	(\$129,569)	(\$128,404)	(\$228,498)	\$2,217	\$2,161	\$2,110	\$2,063	\$2,019	\$88,358	\$1,165
4 Incremental FY 13		(\$2,013,121)	(\$1,937,607)	(\$2,045,965)	(\$1,957,316)	(\$1,863,117)	(\$1,058,279)	(\$995,839)		(\$2,013,121)	\$75,514	(\$108,358)	\$88,649	\$94,199	\$804,838	\$62,440
5 Incremental FY 14			\$2,763,058	\$2,543,022	\$2,439,963	\$2,329,465	\$1,327,239	\$1,252,978			\$2,763,058	(\$220,036)	(\$103,059)	(\$110,498)	(\$1,002,226)	(\$74,261)
6 FY 2015				\$24,793,846	\$24,814,134	\$24,778,689	\$14,815,098	\$14,734,356				\$24,793,846	\$20,288	(\$35,445)	(\$9,963,590)	(\$80,742)
7 FY 2016					\$20,940,288	\$21,076,521	\$12,698,189	\$12,723,285					\$20,940,288	\$136,232	(\$8,378,332)	\$25,096
8 FY 2017						\$20,132,244	\$12,145,920	\$12,178,952						\$20,132,244	\$7,986,324	\$33,032
9 FY 2018							\$9,181,974	\$9,419,279							\$9,181,974	\$237,305
10 FY 2019								\$8,690,971								\$8,690,971
11 TOTAL Plant DIT Provision	(\$228,498)	(\$2,239,403)	\$601,331	\$25,068,893	\$46,017,122	\$66,235,874	\$48,980,571	\$57,875,577	\$13,050,552	\$2,342,381	\$1,200,808	\$24,467,561	\$20,948,229	\$20,218,752	(\$17,255,304)	\$8,895,007
12 Distribution-related NOL									\$3,434,992	\$8,552,548	\$13,179,356	\$8,148,936	\$10,693,796	\$0	\$0	\$0
13 Lesser of Distribution-related NOL or DIT Provision									\$3,434,992	\$2,342,381	\$1,200,808	\$8,148,936	\$10,693,796	\$0	(\$17,255,304)	\$0
14 Total NOL									\$4,310,461	\$11,442,811	\$19,452,677	\$12,108,052	\$16,267,471	\$0	\$0	\$0
15 NOL recovered in transmission rates									\$875,468	\$2,890,262	\$6,273,321	\$3,959,116	\$5,573,675	\$0	\$0	\$0
16 Distribution-related NOL									\$3,434,992	\$8,552,548	\$13,179,356	\$8,148,936	\$10,693,796	\$0	\$0	\$0
1(g) Per Dkt 4323 Compliance filing Attachment 1, Page 64 of 71, Line 19(e) less Line 19(a)																
1(h)-1(j) Per Dkt 4323 Compliance filing Attachment 1, Page 70 of 71, Lines 32, 42, and 48																
3(a)-9(f) ADIT per vintage year ISR revenue requirement calculations																
3(g) -8(l) Year over year change in ADIT shown in Cols (a) through (e)																
9 Sum of Lines 2 through 8																
10 Line 14																
11 Lesser of Line 9 or 10																
12 Per Tax Department																
13 Quarterly average transmission plant allocator per Integrated Facilities Agreement (IFA) * Line 12																
14 Line 12 - Line 13																

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
True-Up for FY 2012 through FY 2014 Net Operating Losses ("NOL")**

	(a)	(b)	Revenue Requirement Year		(e)	(f)
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1 Return on Rate Base	9.30%	9.84%	9.68%	9.68%	9.68%	9.68%
			Vintage Capital Investment Year			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
2 Lesser of NOL or DIT Provision	\$ 4,310,461	\$ 2,342,381	\$ 1,200,808	\$ 12,108,052	\$ 10,200,749	\$ -

Revenue Requirement Increase due to NOL

	Vintage Capital Investment Year		Revenue Requirement Year			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
3 FY 2012	\$ 200,436	\$ 424,149	\$ 417,253	\$ 417,253	\$ 417,253	\$ 417,253
4 FY 2013	\$ -	\$ 115,245	\$ 226,743	\$ 226,743	\$ 226,743	\$ 226,743
5 FY 2014	\$ -	\$ -	\$ 27,000	\$ 116,238	\$ 116,238	\$ 116,238
6 FY 2015	\$ -	\$ -	\$ -	\$ 586,030	\$ 1,172,059	\$ 1,172,059
7 FY 2016	\$ -	\$ -	\$ -	\$ -	\$ 493,716	\$ 987,432
8 FY 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9 TOTAL	\$ 200,436	\$ 539,395	\$ 670,996	\$ 1,346,263	\$ 2,426,009	\$ 2,919,725

10	Total FY 2012 through FY 2014 revenue requirement impact to be recovered over three years	\$ 1,410,826
11	Recovery per year	\$ 470,275

1(a) Per Docket No. 4065

1(b)-(c) Per vintage year revenue requirement calculations at Page 14 of 29, and Page 12 of 29, respectively

2 FY2015 Revenue Requirement Reconciliation R.I.P.U.C. Docket No. 4473

3 Line 2(a) * Line 1(a) * 50%; Line 2(a) * Line 1(b); Line 2(a) * Line 1(c); Line 2(a) * Line 1(d); Line 2(a) * Line 1(e); Line 2(a) * Line 1(f)

4 Line 2(b) * Line 1(b) * 50%; Line 2(b) * Line 1(c); Line 2(b) * Line 1(d); Line 2(b) * Line 1(e); Line 2(b) * Line 1(f)

5 Line 2(c) * Line 1(c) * 23.23%; Line 2(c) * Line 1(d); Line 2(c) * Line 1(e); Line 2(c) * Line 1(f)

6 Line 2(d) * Line 1(d) * 50%; Line 2(d) * Line 1(e); Line 2(d) * Line 1(f)

7 Line 2(e) * Line 1(e) * 50%; Line 2(e) * Line 1(f)

8 Line 2(f) * Line 1(f) * 50%

9 Sum of Lines 3 through 8

10 Line 9(a) + Line 9(b) + Line 9(c)

11 Line 10(f) / 3

The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of FY 2018 Net Deferred Tax Reserve Proration

		(a)=Sum of (b) through (h)	(b) Vintage Year 2018	(c) Vintage Year 2017	(d) Vintage Year 2016	
Line No.	Deferred Tax Subject to Proration	Total				
1	Book Depreciation	Col (b) = Page 2 of 29, Line 16; Col (c) = Page 4 of 29, Line 16; Col (d) = Page 6 of 29, Line 16; Col (e) = Page 8 of 29, Line 16; Col (f) = Page 10 of 29, Line 16; Col (g) = Page 12 of 29, Line 16; Col (h) = Page 14 of 29, Line 15; Col (i) = Page 16 of 29, Line 13	\$6,454,919 (\$14,192,815)	\$992,555 (\$14,192,815)	\$1,810,308 \$0	
2	Bonus Depreciation	Page 3 of 29, Line 13				
3	Remaining MACRS Tax Depreciation	Col (b) = Page 3 of 29, Line 20; Col (c) = Page 5 of 29, Line 18; Col (d) = Page 7 of 29, Line 18; Col (e) = Page 9 of 29, Line 18; Col (f) = Page 11 of 29, Line 18; Col (g) = Page 13 of 29, Line 18; Col (h) = Page 15 of 29, Line 18; Col (i) = Page 17 of 29, Line 18				
4	FY 2018 tax (gain)/loss on retirements	Page 3 of 29, Line 21	(\$7,352,332) (\$1,760,937)	(\$1,618,196) (\$1,760,937)	(\$2,127,323) \$0	
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$16,851,165)	(\$16,579,393)	(\$317,015)	
6	Effective Tax Rate		35.00%	35.00%	35.00%	
7	Deferred Tax Reserve	Line 5 * Line 6	(\$5,897,908)	(\$5,802,787)	(\$110,955)	
Deferred Tax Not Subject to Proration						
8	Capital Repairs Deduction	Page 3 of 29, Line 3	(\$17,498,293)	(\$17,498,293)		
9	Cost of Removal	Page 3 of 29, Line 22	(\$9,646,000)	(\$9,646,000)		
10	Book/Tax Depreciation Timing Difference at 3/31/2017		\$0	\$0		
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$27,144,293)	(\$27,144,293)		
12	Effective Tax Rate		35.00%	35.00%		
13	Deferred Tax Reserve	Line 11 * Line 12	(\$9,500,503)	(\$9,500,503)		
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$15,398,410)	(\$15,303,290)	(\$110,955)	
15	Net Operating Loss	Page 2 of 29, Line 21	\$0	\$0		
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$15,398,410)	(\$15,303,290)	(\$110,955)	
Allocation of FY 2018 Estimated Federal NOL						
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$16,579,393)	(\$16,579,393)		
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$27,144,293)	(\$27,144,293)		
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$43,723,686)	(\$43,723,686)		
20	Total FY 2018 Federal NOL	(Page 2 of 29, Line 21) / 35%	\$0	\$0		
21	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$0	\$0		
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$0	\$0		
23	Effective Tax Rate		35.00%	35.00%		
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0	\$0		
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	(\$5,897,908)	(\$5,802,787)	(\$110,955)	
(i)		(j)				
Proration Calculation		Number of Days in Month	(k)= Sum of (l) through (r)	(l)	(m)	
26	April 2017	30	91.78%	(\$451,096)	(\$443,821)	(\$8,486)
27	May 2017	31	83.29%	(\$409,353)	(\$402,751)	(\$7,701)
28	June 2017	30	75.07%	(\$368,956)	(\$363,005)	(\$6,941)
29	July 2017	31	66.58%	(\$327,213)	(\$321,935)	(\$6,156)
30	August 2017	31	58.08%	(\$285,470)	(\$280,866)	(\$5,370)
31	September 2017	30	49.86%	(\$245,073)	(\$241,120)	(\$4,610)
32	October 2017	31	41.37%	(\$203,330)	(\$200,050)	(\$3,825)
33	November 2017	30	33.15%	(\$162,933)	(\$160,305)	(\$3,065)
34	December 2017	31	24.66%	(\$121,190)	(\$119,235)	(\$2,280)
35	January 2018	31	16.16%	(\$79,447)	(\$78,165)	(\$1,495)
36	February 2018	28	8.49%	(\$41,743)	(\$41,070)	(\$785)
37	March 2018	31	0.00%	\$0	\$0	\$0
38	Total	365		(\$2,695,802)	(\$2,652,324)	(\$50,715)
39	Deferred Tax Without Proration	Line 25	(\$5,897,908)	(\$5,802,787)	(\$110,955)	
40	Proration Adjustment	Line 38 - Line 39	\$3,202,106	\$3,150,463	\$60,240	

Column Notes:

(k) Sum of remaining days in the year (Col (i)) ÷ 365

(m) through (t) = Current Year Line 25 ÷ 12 * Current Month Col (k)

The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of FY 2018 Net Deferred Tax Reserve Proration

Line No.	Deferred Tax Subject to Proration	(a)=Sum of (b) through (h)	(e) Vintage Year 2015	(f) Vintage Year 2014	(g) Vintage Year 2013	(h) Vintage Year 2012		
		Total						
1	Book Depreciation	Col (b) = Page 2 of 29, Line 16; Col (c) = Page 4 of 29, Line 16; Col (d) = Page 6 of 29, Line 16; Col (e) = Page 8 of 29, Line 16; Col (f) = Page 10 of 29, Line 16; Col (g) = Page 12 of 29, Line 16; Col (h) = Page 14 of 29, Line 15; Col (i) = Page 16 of 29, Line 13	\$6,454,919	\$2,062,926	\$578,263	(\$4,227)		
2	Bonus Depreciation	Page 3 of 29, Line 13	(\$14,192,815)	\$0	\$0	\$0		
3	Remaining MACRS Tax Depreciation	Col (b) = Page 3 of 29, Line 20; Col (c) = Page 5 of 29, Line 18; Col (d) = Page 7 of 29, Line 18; Col (e) = Page 9 of 29, Line 18; Col (f) = Page 11 of 29, Line 18; Col (g) = Page 13 of 29, Line 18; Col (h) = Page 15 of 29, Line 18; Col (i) = Page 17 of 29, Line 18						
4	FY 2018 tax (gain)/loss on retirements	Page 3 of 29, Line 21	(\$7,352,332)	\$ (1,814,760)	(\$242,832)	\$180,604		
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$1,760,937)	\$0	\$0	\$0		
6	Effective Tax Rate		\$248,166	\$335,430	(\$283,766)	(\$5,653)		
7	Deferred Tax Reserve	Line 5 * Line 6	35.00%	35.00%	35.00%	35.00%		
			(\$5,897,908)	\$86,858	\$117,401	(\$1,979)		
	Deferred Tax Not Subject to Proration							
8	Capital Repairs Deduction	Page 3 of 29, Line 3	(\$17,498,293)					
9	Cost of Removal	Page 3 of 29, Line 22	(\$9,646,000)					
10	Book/Tax Depreciation Timing Difference at 3/31/2017		\$0					
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$27,144,293)					
12	Effective Tax Rate		35.00%					
13	Deferred Tax Reserve	Line 11 * Line 12	(\$9,500,503)					
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$15,398,410)	\$86,858	\$117,401	(\$99,318)		
15	Net Operating Loss	Page 2 of 29, Line 21	\$0					
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$15,398,410)	\$86,858	\$117,401	(\$99,318)		
	Allocation of FY 2018 Estimated Federal NOL							
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$16,579,393)					
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$27,144,293)					
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$43,723,686)					
20	Total FY 2018 Federal NOL	(Page 2 of 29, Line 21) / 35%	\$0					
21	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$0					
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$0					
23	Effective Tax Rate		35.00%					
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0					
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	(\$5,897,908)	\$86,858	\$117,401	(\$99,318)		
		(i)						
		(j)						
	Proration Calculation	Number of Days in Month	Proration Percentage	(k)= Sum of (l) through (r)	(o)	(p)	(q)	(r)
26	April 2017	30	91.78%	(\$451,096)	\$6,643	\$8,979	(\$7,596)	(\$151)
27	May 2017	31	83.29%	(\$409,353)	\$6,029	\$8,148	(\$6,893)	(\$137)
28	June 2017	30	75.07%	(\$368,956)	\$5,434	\$7,344	(\$6,213)	(\$124)
29	July 2017	31	66.58%	(\$327,213)	\$4,819	\$6,513	(\$5,510)	(\$110)
30	August 2017	31	58.08%	(\$285,470)	\$4,204	\$5,682	(\$4,807)	(\$96)
31	September 2017	30	49.86%	(\$245,073)	\$3,609	\$4,878	(\$4,127)	(\$82)
32	October 2017	31	41.37%	(\$203,330)	\$2,994	\$4,047	(\$3,424)	(\$68)
33	November 2017	30	33.15%	(\$162,933)	\$2,400	\$3,243	(\$2,744)	(\$55)
34	December 2017	31	24.66%	(\$121,190)	\$1,785	\$2,412	(\$2,041)	(\$41)
35	January 2018	31	16.16%	(\$79,447)	\$1,170	\$1,581	(\$1,338)	(\$27)
36	February 2018	28	8.49%	(\$41,743)	\$615	\$831	(\$703)	(\$14)
37	March 2018	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		(\$2,695,802)	\$39,701	\$53,661	(\$45,396)	(\$904)
39	Deferred Tax Without Proration	Line 25	(\$5,897,908)	\$86,858	\$117,401	(\$99,318)	(\$1,979)	
40	Proration Adjustment	Line 38 - Line 39	\$3,202,106	(\$47,157)	(\$63,739)	\$53,922	\$1,074	

Column Notes:

(k) Sum of remaining days in the year (Col (i)) ÷ 365

(m) through (t) = Current Year Line 25 ÷ 12 * Current Month Col (k)

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of FY 2019 Net Deferred Tax Reserve Proration**

		(a)=Sum of (b) through (i)	(b) Vintage Year 2019	(c) Vintage Year 2018	(d) Vintage Year 2017	(e) Vintage Year 2016
Line No.	Deferred Tax Subject to Proration	Total				
1	Book Depreciation	Col (b) = Page 2 of 29, Line 16; Col (c) = Page 4 of 29, Line 16; Col (d) = Page 6 of 29, Line 16; Col (e) = Page 8 of 29, Line 16; Col (f) = Page 10 of 29, Line 16; Col (g) = Page 12 of 29, Line 16; Col (h) = Page 14 of 29, Line 15; Col (i) = Page 16 of 29, Line 13	\$8,536,713	\$1,089,239	\$1,985,110	\$1,810,308
2	Bonus Depreciation	Page 3 of 29, Line 13	\$0	\$0	\$0	\$0
3	Remaining MACRS Tax Depreciation	Col (b) = Page 3 of 29, Line 20; Col (c) = Page 5 of 29, Line 18; Col (d) = Page 7 of 29, Line 18; Col (e) = Page 9 of 29, Line 18; Col (f) = Page 11 of 29, Line 18; Col (g) = Page 13 of 29, Line 18; Col (h) = Page 15 of 29, Line 18; Col (i) = Page 17 of 29, Line 18				
4	FY 2019 tax (gain)/loss on retirements	Page 3 of 29, Line 21	(\$10,928,516)	(\$2,509,445)	(\$3,115,135)	(\$1,967,605)
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$3,492,895)	(\$3,492,895)	\$0	\$0
6	Effective Tax Rate		35.00%	21.00%	35.00%	35.00%
7	Deferred Tax Reserve	Line 5 * Line 6	(\$5,879,151)	(\$4,913,101)	(\$1,130,025)	(\$157,297)
						(\$119,506)
			(\$2,057,703)	(\$1,031,751)	(\$395,509)	(\$55,054)
						(\$41,827)
	Deferred Tax Not Subject to Proration					
8	Capital Repairs Deduction	Page 3 of 29, Line 3	(\$24,418,476)	(\$24,418,476)		
9	Cost of Removal	Page 3 of 29, Line 22	(\$12,054,000)	(\$12,054,000)		
10	Book/Tax Depreciation Timing Difference at 3/31/2018		\$0	\$0		
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$36,472,476)	(\$36,472,476)		
12	Effective Tax Rate		35.00%	35.00%		
13	Deferred Tax Reserve	Line 11 * Line 12	(\$12,765,367)	(\$12,765,367)		
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$14,823,070)	(\$13,797,118)	(\$395,509)	(\$55,054)
15	Net Operating Loss	Page 2 of 29, Line 21	\$0	\$0		
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$14,823,070)	(\$13,797,118)	(\$395,509)	(\$55,054)
						(\$41,827)
	Allocation of FY 2019 Estimated Federal NOL					
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$4,913,101)	(\$4,913,101)		
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$36,472,476)	(\$36,472,476)		
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$41,385,577)	(\$41,385,577)		
20	Total FY 2019 Federal NOL	(Page 2 of 29, Line 21) / 35%	\$0	\$0		
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$0	\$0		
22	Allocated FY 2019 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$0	\$0		
23	Effective Tax Rate		35.00%	35.00%		
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0	\$0		
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	(\$1,371,810)	(\$1,031,751)	(\$395,509)	(\$55,054)
						(\$41,827)
		(j) (k)				
	Proration Calculation	Number of Days in Month Proration Percentage	(l)= Sum of (m) through (t)	(m)	(n)	(o)
26	April 2018	30 91.78%	(\$104,922)	(\$78,912)	(\$30,250)	(\$4,211)
27	May 2018	31 83.29%	(\$95,212)	(\$71,610)	(\$27,451)	(\$3,821)
28	June 2018	30 75.07%	(\$85,816)	(\$64,543)	(\$24,742)	(\$3,444)
29	July 2018	31 66.58%	(\$76,107)	(\$57,241)	(\$21,943)	(\$3,054)
30	August 2018	31 58.08%	(\$66,398)	(\$49,939)	(\$19,143)	(\$2,665)
31	September 2018	30 49.86%	(\$57,002)	(\$42,872)	(\$16,434)	(\$2,288)
32	October 2018	31 41.37%	(\$47,293)	(\$35,570)	(\$13,635)	(\$1,898)
33	November 2018	30 33.15%	(\$37,897)	(\$28,503)	(\$10,926)	(\$1,521)
34	December 2018	31 24.66%	(\$28,188)	(\$21,200)	(\$8,127)	(\$1,131)
35	January 2019	31 16.16%	(\$18,479)	(\$13,898)	(\$5,328)	(\$742)
36	February 2019	28 8.49%	(\$9,709)	(\$7,302)	(\$2,799)	(\$390)
37	March 2019	31 0.00%	\$0	\$0	\$0	\$0
38	Total	365	(\$627,024)	(\$471,590)	(\$180,778)	(\$25,164)
						(\$19,118)
39	Deferred Tax Without Proration	Line 25	(\$1,371,810)	(\$1,031,751)	(\$395,509)	(\$55,054)
40	Proration Adjustment	Line 38 - Line 39	\$744,786	\$560,161	\$214,730	\$29,890
						\$22,709

Column Notes:

- (k) Sum of remaining days in the year (Col (i)) ÷ 365
(m) through (t) = Current Year Line 25 ÷ 12 * Current Month Col (k)

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of FY 2019 Net Deferred Tax Reserve Proration**

Line No.	Deferred Tax Subject to Proration	(a)=Sum of (b) through (i)	(f) Vintage Year 2015	(g) Vintage Year 2014	(h) Vintage Year 2013	(i) Vintage Year 2012		
		Total						
1	Book Depreciation	Col (b) = Page 2 of 29, Line 16; Col (c) = Page 4 of 29, Line 16; Col (d) = Page 6 of 29, Line 16; Col (e) = Page 8 of 29, Line 16; Col (f) = Page 10 of 29, Line 16; Col (g) = Page 12 of 29, Line 16; Col (h) = Page 14 of 29, Line 15; Col (i) = Page 16 of 29, Line 13	\$8,536,713	\$2,062,926	\$578,263	(\$464,370)		
2	Bonus Depreciation	Page 3 of 29, Line 13	\$0	\$0	\$0	\$0		
3	Remaining MACRS Tax Depreciation	Col (b) = Page 3 of 29, Line 20; Col (c) = Page 5 of 29, Line 18; Col (d) = Page 7 of 29, Line 18; Col (e) = Page 9 of 29, Line 18; Col (f) = Page 11 of 29, Line 18; Col (g) = Page 13 of 29, Line 18; Col (h) = Page 15 of 29, Line 18; Col (i) = Page 17 of 29, Line 18	(\$10,928,516)	(1,678,440)	(\$224,640)	\$167,038		
4	FY 2019 tax (gain)/loss on retirements	Page 3 of 29, Line 21	(\$3,492,895)	\$0	\$0	\$0		
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$5,879,151)	\$384,486	\$353,622	(\$297,333)		
6	Effective Tax Rate		35.00%	35.00%	35.00%	35.00%		
7	Deferred Tax Reserve	Line 5 * Line 6	(\$2,057,703)	\$134,570	\$123,768	(\$104,066)		
	Deferred Tax Not Subject to Proration							
8	Capital Repairs Deduction	Page 3 of 29, Line 3	(\$24,418,476)					
9	Cost of Removal	Page 3 of 29, Line 22	(\$12,054,000)					
10	Book/Tax Depreciation Timing Difference at 3/31/2018		\$0					
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$36,472,476)					
12	Effective Tax Rate		35.00%					
13	Deferred Tax Reserve	Line 11 * Line 12	(\$12,765,367)					
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$14,823,070)	\$134,570	\$123,768	(\$104,066)		
15	Net Operating Loss	Page 2 of 29, Line 21	\$0					
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$14,823,070)	\$134,570	\$123,768	(\$104,066)		
	Allocation of FY 2019 Estimated Federal NOL							
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$4,913,101)					
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$36,472,476)					
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$41,385,577)					
20	Total FY 2019 Federal NOL	(Page 2 of 29, Line 21) / 35%	\$0					
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$0					
22	Allocated FY 2019 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$0					
23	Effective Tax Rate		35.00%					
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0					
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	(\$1,371,810)	\$134,570	\$123,768	(\$104,066)		
	(j)	(k)						
	Proration Calculation	Number of Days in Month	Proration Percentage	(l)= Sum of (m) through (t)	(q)	(r)	(s)	(t)
26	April 2018	30	91.78%	(\$104,922)	\$10,292	\$9,466	(\$7,959)	(\$148)
27	May 2018	31	83.29%	(\$95,212)	\$9,340	\$8,590	(\$7,223)	(\$135)
28	June 2018	30	75.07%	(\$85,816)	\$8,418	\$7,743	(\$6,510)	(\$121)
29	July 2018	31	66.58%	(\$76,107)	\$7,466	\$6,867	(\$5,774)	(\$108)
30	August 2018	31	58.08%	(\$66,398)	\$6,513	\$5,991	(\$5,037)	(\$94)
31	September 2018	30	49.86%	(\$57,002)	\$5,592	\$5,143	(\$4,324)	(\$81)
32	October 2018	31	41.37%	(\$47,293)	\$4,639	\$4,267	(\$3,588)	(\$67)
33	November 2018	30	33.15%	(\$37,897)	\$3,718	\$3,419	(\$2,875)	(\$54)
34	December 2018	31	24.66%	(\$28,188)	\$2,765	\$2,543	(\$2,138)	(\$40)
35	January 2019	31	16.16%	(\$18,479)	\$1,813	\$1,667	(\$1,402)	(\$26)
36	February 2019	28	8.49%	(\$9,709)	\$952	\$876	(\$737)	(\$14)
37	March 2019	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		(\$627,024)	\$61,509	\$56,572	(\$47,566)	(\$887)
39	Deferred Tax Without Proration	Line 25		(\$1,371,810)	\$134,570	\$123,768	(\$104,066)	(\$1,941)
40	Proration Adjustment	Line 38 - Line 39		\$744,786	(\$73,061)	(\$67,196)	\$56,500	\$1,054

Column Notes:

- (k) Sum of remaining days in the year (Col (i)) ÷ 365
(m) through (t) = Current Year Line 25 ÷ 12 * Current Month Col (k)

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of FY 2020 Net Deferred Tax Reserve Proration**

		(a)=Sum of (b) through (h)	(b) Vintage Year 2019	(c) Vintage Year 2018	(d) Vintage Year 2017	(e) Vintage Year 2016
Line No.		Total				
	Deferred Tax Subject to Proration					
1	Book Depreciation	Col (b) = Page 2 of 29, Line 16; Col (c) = Page 4 of 29, Line 16; Col (d) = Page 6 of 29, Line 16; Col (e) = Page 8 of 29, Line 16; Col (f) = Page 10 of 29, Line 16; Col (g) = Page 12 of 29, Line 16; Col (h) = Page 14 of 29, Line 15; Col (i) = Page 16 of 29, Line 13	\$9,625,953	\$2,178,479	\$1,985,110	\$1,810,308
2	Bonus Depreciation		\$0	\$0	\$0	\$0
3	Remaining MACRS Tax Depreciation	Col (b) = Page 3 of 29, Line 20; Col (c) = Page 5 of 29, Line 18; Col (d) = Page 7 of 29, Line 18; Col (e) = Page 9 of 29, Line 18; Col (f) = Page 11 of 29, Line 18; Col (g) = Page 13 of 29, Line 18; Col (h) = Page 15 of 29, Line 18; Col (i) = Page 17 of 29, Line 18				
4	FY 2019 tax (gain)/loss on retirements		(\$12,618,454)	(\$4,830,848)	(\$2,881,252)	(\$1,820,263)
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$2,992,502)	(\$2,652,369)	(\$896,142)	(\$9,955)
6	Effective Tax Rate		35.00%	21.00%	35.00%	35.00%
7	Deferred Tax Reserve	Line 5 * Line 6	(\$1,047,376)	(\$556,998)	(\$313,650)	(\$3,484)
	Deferred Tax Not Subject to Proration					
8	Capital Repairs Deduction		\$0	\$0		
9	Cost of Removal		\$0	\$0		
10	Book/Tax Depreciation Timing Difference at 3/31/2018		\$0	\$0		
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	\$0	\$0		
12	Effective Tax Rate		35.00%	35.00%		
13	Deferred Tax Reserve	Line 11 * Line 12	\$0	\$0		
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$1,047,376)	(\$556,998)	(\$313,650)	(\$3,484)
15	Net Operating Loss		\$0	\$0		
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$1,047,376)	(\$556,998)	(\$313,650)	(\$3,484)
	Allocation of FY 2019 Estimated Federal NOL					
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$2,652,369)	(\$2,652,369)		
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	\$0	\$0		
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$2,652,369)	(\$2,652,369)		
20	Total FY 2019 Federal NOL		\$0	\$0		
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$0	\$0		
22	Allocated FY 2019 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$0	\$0		
23	Effective Tax Rate		35.00%	35.00%		
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0	\$0		
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	(\$676,044)	(\$556,998)	(\$313,650)	(\$3,484)
	(j)	(k)				
	Number of Days in		(l)= Sum of (m) through (t)			
	Month	Proration Percentage	(m)	(n)	(o)	(p)
26	April 2018	30 91.78%	(\$51,707)	(\$42,601)	(\$23,989)	(\$266)
27	May 2018	31 83.29%	(\$46,922)	(\$38,659)	(\$21,769)	(\$242)
28	June 2018	30 75.07%	(\$42,291)	(\$34,844)	(\$19,621)	(\$218)
29	July 2018	31 66.58%	(\$37,507)	(\$30,902)	(\$17,401)	(\$193)
30	August 2018	31 58.08%	(\$32,722)	(\$26,960)	(\$15,181)	(\$169)
31	September 2018	30 49.86%	(\$28,091)	(\$23,145)	(\$13,033)	(\$145)
32	October 2018	31 41.37%	(\$23,307)	(\$19,202)	(\$10,813)	(\$120)
33	November 2018	30 33.15%	(\$18,676)	(\$15,387)	(\$8,665)	(\$96)
34	December 2018	31 24.66%	(\$13,891)	(\$11,445)	(\$6,445)	(\$72)
35	January 2019	31 16.16%	(\$9,107)	(\$7,503)	(\$4,225)	(\$47)
36	February 2019	28 8.49%	(\$4,785)	(\$3,942)	(\$2,220)	(\$25)
37	March 2019	31 0.00%	\$0	\$0	\$0	\$0
38	Total	365	(\$309,005)	(\$254,591)	(\$143,362)	(\$1,593)
39	Deferred Tax Without Proration	Line 25	(\$676,044)	(\$556,998)	(\$313,650)	(\$3,484)
40	Proration Adjustment	Line 38 - Line 39	\$367,039	\$302,406	\$170,287	\$1,892

Column Notes:

- (k) Sum of remaining days in the year (Col (i)) ÷ 365
(m) through (t) = Current Year Line 25 ÷ 12 * Current Month Col (k)

**The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of FY 2020 Net Deferred Tax Reserve Proration**

		(a)=Sum of (b) through (h)	(f) Vintage Year 2015	(g) Vintage Year 2014	(h) Vintage Year 2013	(i) Vintage Year 2012		
Line No.	Deferred Tax Subject to Proration	Total						
1	Book Depreciation	Col (b) = Page 2 of 29, Line 16; Col (c) = Page 4 of 29, Line 16; Col (d) = Page 6 of 29, Line 16; Col (e) = Page 8 of 29, Line 16; Col (f) = Page 10 of 29, Line 16; Col (g) = Page 12 of 29, Line 16; Col (h) = Page 14 of 29, Line 15; Col (i) = Page 16 of 29, Line 13	\$9,625,953	\$2,062,926	\$578,263	(\$464,370)		
2	Bonus Depreciation		\$0	\$0	\$0	\$0		
3	Remaining MACRS Tax Depreciation	Col (b) = Page 3 of 29, Line 20; Col (c) = Page 5 of 29, Line 18; Col (d) = Page 7 of 29, Line 18; Col (e) = Page 9 of 29, Line 18; Col (f) = Page 11 of 29, Line 18; Col (g) = Page 13 of 29, Line 18; Col (h) = Page 15 of 29, Line 18; Col (i) = Page 17 of 29, Line 18	(\$12,618,454)	\$ (1,552,696)	(\$207,766)	\$154,530		
4	FY 2019 tax (gain)/loss on retirements		\$0	\$0	\$0	\$0		
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$2,992,502)	\$510,230	\$370,497	(\$309,840)		
6	Effective Tax Rate		35.00%	35.00%	35.00%	35.00%		
7	Deferred Tax Reserve	Line 5 * Line 6	(\$1,047,376)	\$178,581	\$129,674	(\$108,444)		
Deferred Tax Not Subject to Proration								
8	Capital Repairs Deduction		\$0					
9	Cost of Removal		\$0					
10	Book/Tax Depreciation Timing Difference at 3/31/2018		\$0					
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	\$0					
12	Effective Tax Rate		35.00%					
13	Deferred Tax Reserve	Line 11 * Line 12	\$0					
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$1,047,376)	\$178,581	\$129,674	(\$108,444)		
15	Net Operating Loss		\$0					
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$1,047,376)	\$178,581	\$129,674	(\$108,444)		
Allocation of FY 2019 Estimated Federal NOL								
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$2,652,369)					
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	\$0					
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$2,652,369)					
20	Total FY 2019 Federal NOL		\$0					
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$0					
22	Allocated FY 2019 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$0					
23	Effective Tax Rate		35.00%					
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0					
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	(\$676,044)	\$178,581	\$129,674	(\$108,444)		
(j) (k)								
Proration Calculation		Number of Days in Month	Proration Percentage	(l)= Sum of (m) through (t)	(q)	(r)	(s)	(t)
26	April 2018	30	91.78%	(\$51,707)	\$13,659	\$9,918	(\$8,294)	(\$148)
27	May 2018	31	83.29%	(\$46,922)	\$12,395	\$9,000	(\$7,527)	(\$134)
28	June 2018	30	75.07%	(\$42,291)	\$11,171	\$8,112	(\$6,784)	(\$121)
29	July 2018	31	66.58%	(\$37,507)	\$9,908	\$7,194	(\$6,016)	(\$107)
30	August 2018	31	58.08%	(\$32,722)	\$8,644	\$6,276	(\$5,249)	(\$94)
31	September 2018	30	49.86%	(\$28,091)	\$7,420	\$5,388	(\$4,506)	(\$80)
32	October 2018	31	41.37%	(\$23,307)	\$6,157	\$4,470	(\$3,739)	(\$67)
33	November 2018	30	33.15%	(\$18,676)	\$4,933	\$3,582	(\$2,996)	(\$53)
34	December 2018	31	24.66%	(\$13,891)	\$3,669	\$2,665	(\$2,228)	(\$40)
35	January 2019	31	16.16%	(\$9,107)	\$2,406	\$1,747	(\$1,461)	(\$26)
36	February 2019	28	8.49%	(\$4,785)	\$1,264	\$918	(\$768)	(\$14)
37	March 2019	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		(\$309,005)	\$81,625	\$59,271	(\$49,567)	(\$885)
39	Deferred Tax Without Proration	Line 25		(\$676,044)	\$178,581	\$129,674	(\$108,444)	(\$1,935)
40	Proration Adjustment	Line 38 - Line 39		\$367,039	(\$96,955)	(\$70,403)	\$58,877	\$1,051

Column Notes:

- (k) Sum of remaining days in the year (Col (i)) ÷ 365
(m) through (t) = Current Year Line 25 ÷ 12 * Current Month Col (k)

The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Excess Deferred Taxes

Line No.	Vintage Year	Cumulative Book Tax Timing Difference at 3/31/17 (a)	Cumulative Book Tax Timing Difference at 3/31/18 (b)	Difference (c) = (b)-(a)	Pro-Rated Change as of 12/31/17 (d)= (c) * 75%	Cumulative Timing Difference through 12/31/17 (e) = (d)*14%	Excess Deferred Taxes at 12/31/17 (f)
1	2012	\$ (622,650)	\$ (616,996)	\$ 5,653	\$ 4,240	\$ (618,410)	\$ (86,577)
2	2013	\$ (5,323,191)	\$ (5,039,425)	\$ 283,766	\$ 212,824	\$ (5,110,367)	\$ (715,451)
3	2014	\$ 6,655,614	\$ 6,320,184	\$ (335,430)	\$ (251,573)	\$ 6,404,042	\$ 896,566
4	2015	\$ 70,796,254	\$ 70,548,087	\$ (248,166)	\$ (186,125)	\$ 70,610,129	\$ 9,885,418
5	2016	\$ 60,218,631	\$ 60,467,565	\$ 248,935	\$ 186,701	\$ 60,405,332	\$ 8,456,746
6	2017	\$ 57,520,698	\$ 57,837,713	\$ 317,015	\$ 237,761	\$ 57,758,459	\$ 8,086,184
7	2018	\$ -	\$ 43,723,686	\$ 43,723,686	\$ 32,792,764	\$ 32,792,764	\$ 4,590,987

Line Notes

1(a)	Page 16, Line 15(f)
1(b)	Page 16, Line 15(h)
2(a)	Page 14, Line 17(e)
2(b)	Page 14, Line 17(g)
3(a)	Page 12, Line 18(d)
3(b)	Page 12, Line 18(f)
4(a)	Page 10 Line 18(c)
4(b)	Page 10, Line 18(e)
5(a)	Page 8, Line 18(b)
5(b)	Page 8, Line 18(d)
6(a)	Page 6, Line 18(a)
6(b)	Page 6, Line 18(b)
7(b)	Page 4, Line 18(a)

The Narragansett Electric Company
d/b/a National Grid
Electric Infrastructure, Safety, and Reliability (ISR) Plan
Calculation of Weighted Average Cost of Capital

Line
No.

1 Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4065

	(a)	(b)	(c)	(d)	(e)
	Ratio	Rate	Rate	Taxes	Return
4 Long Term Debt	52.08%	5.30%	2.76%		2.76%
5 Short Term Debt	4.98%	1.60%	0.08%		0.08%
6 Preferred Stock	0.19%	4.50%	0.01%		0.01%
7 Common Equity	42.75%	9.80%	4.19%	2.26%	6.45%
8	<u>100.00%</u>		<u>7.04%</u>	<u>2.26%</u>	<u>9.30%</u>

10 Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323 at 35% income tax rate

	(a)	(b)	(c)	(d)	(e)
	Ratio	Rate	Rate	Taxes	Return
13 Long Term Debt	49.95%	4.96%	2.48%		2.48%
14 Short Term Debt	0.76%	0.79%	0.01%		0.01%
15 Preferred Stock	0.15%	4.50%	0.01%		0.01%
16 Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
17	<u>100.00%</u>		<u>7.17%</u>	<u>2.51%</u>	<u>9.68%</u>

19 (d) - Column (c) x 35% divided by (1 - 35%)

21 Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323 at 21% income tax rate

	Ratio	Rate	Rate	Taxes	Return
23 Long Term Debt	49.95%	4.96%	2.48%		2.48%
24 Short Term Debt	0.76%	0.79%	0.01%		0.01%
25 Preferred Stock	0.15%	4.50%	0.01%		0.01%
26 Common Equity	49.14%	9.50%	4.67%	1.24%	5.91%
27	<u>100.00%</u>		<u>7.17%</u>	<u>1.24%</u>	<u>8.41%</u>

29 (d) - Column (c) x 21% divided by (1 - 21%)

FY18 Blended Rate 9.36%
 Line 17(e) x 75% + Line 27(e) x 25%

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4783
In Re: Electric Infrastructure, Safety, and Reliability Plan FY2019
Responses to the Division's Second Set of Data Requests
Issued on January 12, 2018

Division 2-2

Request:

How will the Company take into account the effect of the recently enacted federal Tax Cuts and Jobs Act of 2017 on the reconciliation of the FY 2018 and FY 2019 Electric ISR revenue requirement? The response should include all supporting workpapers.

Response:

In its response to Division Data Request 2-1 at Attachment Division 1-1-1 (Section 5, Attachment 1), the Company calculated the amount of Electric Infrastructure, Safety, and Reliability (ISR)-related excess deferred taxes as of December 31, 2017 that will ultimately be passed back to customers. The amount that will be passed back to customers for "protected" plant-related excess deferred taxes will be passed back to customers in accordance with Internal Revenue Service's (IRS) regulations over the average remaining life of the plant asset. The Company will revise the revenue requirement in its currently pending rate case in Docket No. 4770 to reflect the pass back of the protected excess deferred taxes, and will make a proposal for the return of the non-protected excess deferred taxes also through base rates.

For purposes of its Fiscal Year (FY) 2018 and FY 2019 ISR reconciliations, the Company will adjust the pre-tax weighted average cost of capital rate for all periods beginning January 1, 2018 to reflect the lower federal income tax rate of 21 percent. In addition, the balance of deferred taxes will be re-set to reflect the new 21 percent federal income tax rate, but this reduction to rate base will be offset by an equal and offsetting increase to rate base for the amount excess deferred income taxes related to incremental ISR investment. Once the timing of the pass back of excess deferred income taxes has been determined in the rate case, the excess deferred taxes in the ISR will be amortized over the same period of time.